

Values & Ethics Report 2019

The **co-operative** bank
for people with **purpose**



MOST TRUSTED
MAINSTREAM BANK
The Co-operative Bank

The Co-operative Bank

The Co-operative Bank is the first and only UK bank to introduce a customer-led Ethical Policy. A policy shaped by over 320,000 customer responses since 1992.

Since we were formed in 1872 we have worked hard to provide an ethical alternative to our larger competitors. We always put our customers at the heart of what we do, and we are committed to the values and ethics of the co-operative movement.

Our Ethical Policy has five pillars, which collectively define our commitment to deliver ethical banking.

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

[Click here to discover the history of our values and ethics](#)



Our Ethical Policy



Pillar 1 **Ethical banking**

We do not provide banking services to businesses and organisations that conflict with our Ethical Policy.



Pillar 2 **Ethical products and services**

We seek to offer products and services that reflect our values and ethics.



Pillar 3 **Ethical business**

We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.



Pillar 4 **Ethical workplace and culture**

Our workplace culture reflects our co-operative values and ethics.



Pillar 5 **Ethical campaigns**

We campaign for social and economic change in line with our values and ethics.

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We are the original ethical bank

Our Ethical Policy and commitment to co-operative values and ethics are key reasons why customers join, and choose to stay with us. **We are the original ethical bank**, formed in 1872 as the Loans and Deposits department of the Co-operative Wholesale Society.

We're publishing this report in May 2020, in the midst of an unprecedented international emergency caused by the coronavirus pandemic. We know that the virus and the measures taken to control it have had a considerable impact on our customers and communities, and we have provided our customers with support and access to financial services as the crisis has developed. Please be assured that we remain committed to upholding the principles of our Ethical Policy and will continue to do everything we can to support our customers and communities at this difficult time.

In 2019, concern for the environment became a priority for many UK consumers. During a year in which climate change moved to the top of the global agenda, our credentials are integral to our business and continue to set us apart from other banks. For over 25 years we have declined banking services to companies involved in the extraction or production of fossil fuels and we were the first UK bank to sign the 2015 Paris Pledge not to finance the coal industry. We are proud to have remained beyond carbon neutral for over 12 years, and we are well on our way to sending zero waste to landfill, an ambition we hope to achieve by the end of 2020.

This report provides a summary of how we have delivered our commitments to our customers across all five pillars of our Ethical Policy throughout 2019. We also update on some of the exciting plans we have for the future, such as our newly made commitment to the United Nations Principles for Responsible Banking.

Our Ethical Policy reflects the ethical views of our customers and we have updated it five times since it was launched in 1992. We consult with our customers each time the Ethical Policy is updated to ensure that it reflects the ethical concerns our customers have in an ever-changing world.

Thank you to our loyal customers for your valued support and to our colleagues for your continued commitment to the co-operative values that remain at the heart of everything we do.

Andrew Bester
Chief Executive Officer



Our 2019 highlights

We decline services to businesses that don't share our customers' ethical values

223

Businesses screened in 2019

4

Businesses declined banking services



We give back to our local communities to help them thrive

85,750+

SME business customers

4,759

Colleague volunteering hours used



1: Six months ended December 2019, 541 adults interviewed, achieved NPS score of 29%.

We're driving social change through our charity partnerships

£1.4m

Donated to Centrepoin since 2017 to end youth homelessness

8,500

Letters written to support human rights defenders



We're taking action to address our gender pay gap

42.3%

Senior roles held by women

22.62%

Median gender pay gap (23.31% in 2018)



We're taking action to reduce our impact on the environment

21%

Reduction in carbon emissions in 2019

85,000

Card readers returned for recycling



Our people with purpose deliver award-winning customer service

+29%

Current account customer satisfaction (NPS)¹

Voted **MOST TRUSTED** Mainstream Bank





Ethical banking

We don't provide banking services to organisations that conflict with our customers' views on a comprehensive range of issues, including: human rights, the environment, international development and animal welfare.



Over 200 business applications screened against the Ethical Policy in 2019

Making sure that we don't provide banking services to businesses that conflict with our Ethical Policy and the views of our customers has been central to our operations since 1992. For over 25 years, we have applied a stringent screening process throughout the lifecycle of our business accounts. In 2019, **223** business applications were referred to our specialist team for additional screening and as a result, **four** potential customers were not accepted as Co-operative Bank customers.

As well as being the first UK bank to sign the 2015 Paris Pledge not to finance the coal industry, we are the only UK-based bank in the Don't Bank on the Bomb report Hall of Fame (October 2019) and the Worldwide Investments in Cluster Munitions report Hall of Fame (December 2018). Our inclusion is thanks to our Ethical Policy statement that we will not provide banking services to businesses or organisations involved in the manufacture or transfer of indiscriminate weapons.

The data

No. of customers referred for screening by issue	Referrals (2018 figure)	Declines (2018 figure)
Labour standards & human rights	92 (58)	1 (3)
Social inclusion	1 (0)	0 (0)
Irresponsible payment of tax	1 (1)	0 (0)
Irresponsible gambling	5 (0)	0 (0)
Irresponsible marketing	28 (7)	1 (0)
Protecting the environment:		
Climate change	5 (14)	1 (0)
Chemicals	3 (0)	0 (0)
Waste	0 (1)	0 (0)
Biodiversity	55 (27)	0 (0)
Protecting animal welfare	30 (25)	1 (1)
Other	3 (5)	0 (0)
Total	223 (138)	4 (4)

Human rights:

A consultancy business providing services to companies working in the defence sector was not accepted as a new customer. We considered their activities to be in conflict with our position on the **manufacture or transfer of arms** to oppressive regimes.

Irresponsible marketing:

We declined services to a business that was making **irresponsible marketing** claims about the efficacy and safety of their product.

Climate change:

A consultancy business involved in the supply of equipment used in the extraction of oil was not accepted as a new customer. The nature of the business was considered to be in conflict with our Ethical Policy statement on the **extraction of fossil fuels**.

Animal welfare:

We declined services to a business that manufactures equipment used as part of **intensive farming** practices and which was therefore considered to be in conflict with the Bank's Ethical Policy.

Managing customer risk

Sometimes we need to close accounts due to risks outside our Ethical Policy, based on regulatory requirements and other risk factors.

Our Exit Forum reviews proposed account closures, particularly risk-related closures, and adds an extra level of oversight to our account closure management process. It considers individual customer cases to identify gaps in existing policy or processes and to highlight actions that may be in conflict with our values and ethics. Wherever possible we always try to retain the customer.

In 2019 we closed 449 customer accounts (410 in 2018) due to risk related issues, including suspicion of money laundering and failure to provide documentation to satisfy Customer Due Diligence requirements. Our risk policy also requires the closure of accounts for customers who are involved in or receive profits from organised crime or illegal activities such as the sex trade, drugs or human trafficking.

How do we screen customers?
Click here





Ethical products and services

We seek to offer products and services that reflect our values and ethics.

Mortgage customers help to raise £1.4m to tackle youth homelessness

Giving young people a future with Centrepont

As well as making sure we treat our customers fairly, we give them opportunities to support important **charitable causes**, just by being one of our valued customers.

We donate £5 to youth homelessness charity Centrepont for every completed mortgage and product switch through our retail and Platform brands. This has contributed to our fundraising total of **£1.4 million** for Centrepont since the start of the partnership in April 2017.



[Find out how we're taking action on youth homelessness](#)

Best ever year for charity donations through Everyday Rewards

Everyday giving raises £320,000 for five national charities

Everyday Rewards gives eligible current account customers the option to donate their monthly rewards to one of five charities. These customer donations raised over **£320,000** in 2019. In total, **over £0.8m** has now been donated to these charities since Everyday Rewards was launched in 2016.



[Donate your Everyday Rewards to one of our charities](#)



Over 1,500 vulnerable customers helped through unique partnership with Citizens Advice Manchester



We've been working with Citizens Advice Manchester since 2016 to provide support services to our most vulnerable customers. Through our partnership, vulnerable customers gain quick access to their responsive services to help them address their immediate financial difficulties. This is followed by long term support in managing their finances.

From the start of the programme to the end of 2019, we helped over **1,500 customers** deal with over **4,000 problems** ranging from debt advice, housing and benefit issues to getting access to food. Within this, we helped **43 customers and their families** to avoid losing their home. We also assisted customers with a combined total of **£1.2m of debt**, whilst helping customers increase their income.

"Citizens Advice Manchester are delighted that our partnership with The Co-operative Bank continues to develop. Providing customers with direct access to advice means they are better able to keep their homes and family secure and get their lives back on track. Our holistic approach ensures that customers access other local services."

Hayley Hughes,
Head of Service and Business Development Manager, Citizens Advice Manchester

[Read about our how we support our most vulnerable customers](#)



Ethical products and services

We seek to offer products and services that reflect our values and ethics.

We listen to our customers

Throughout 2019 customers were an important part of our testing and research programme as we developed our digital channels. Their feedback has helped to inform and prioritise changes and updates and they have been integral to our usability testing. Business customers were also involved in testing the new online banking system for SME customers. Within our branch network, our Co-operative Communities engagement programme has included a number of customer forums, which have given our customers an opportunity to ask us questions and share their views.

The only UK bank with a recognised Customer Union

In 2019 we formalised our relationship with the **Customer Union for Ethical Banking**, an independent union for Co-operative Bank customers. The group operates as a co-operative and members pay a small subscription every year.

“In this moment of climate crisis it is important that there is still a mainstream bank out there which offers people an ethical choice and a way to take action. This recognition agreement demonstrates commitment to listening and co-operating with its customers.”

Rob Harrison, Customer Union for Ethical Banking

[Visit the Customer Union for Ethical Banking's website](#)



Ethical products

We always aim to provide clear, fair and transparent products that meet our customers' needs and reflect the values and ethics that we and our customers believe in. In 2019 we continued to ensure that any new or updated products remain aligned to our customer-led Ethical Policy.

In 2019 we removed an unenforced clause in our buy-to-let mortgage terms and conditions that appeared to restrict landlords from letting to benefits claimants. This removed confusion over who the landlord can and can't rent their property to. We also partnered with Freedom Finance, a leading loan marketplace, to enable extended credit access to our customers. This offers eligible customers the opportunity to build and repair their credit history by being able to choose from a carefully selected panel of lenders.

Lending to positive sectors

We're proud to support charitable organisations involved in the Social Enterprise sector as part of our Ethical Policy commitment to promote economic and social development in Britain. In fact, **47%** (2018: 49%) of business deposits and **79%** (2018: 73%) of business lending was to customers whose organisations are considered to be operating in these positive sectors. These include co-operatives and mutuals, community, charitable, environmental and social organisations and public services.

We are proud to look after the banking needs of:

over **85,750** SMEs

Which includes:

4,416 charities

194 credit unions

805 co-operatives

Community finance

The government's Regional Growth Fund Programme provides enterprise funding to SME businesses who are struggling to access traditional bank finance. The Fund continues to distribute lending and our support for the Programme has provided loans totalling over **£16 million** since 2012.

Fairer Finance

In 2019 we were awarded Gold Ribbons for our current accounts and credit cards by Fairer Finance, an independent research and ratings agency that helps consumers make more informed decisions.

[Read the Fairer Finance independent review here](#)



Ethical products and services

We seek to offer products and services that reflect our values and ethics.

Transforming communities through our commitment to UK co-operatives

Helping new co-operatives take flight

As a bank founded on the values of the co-operative movement, we're determined to support, nurture and grow co-operatives in the UK. One way we do this is by offering free business banking to co-operative businesses. Another is through our **£1.3m sponsorship** of The Hive.

Created by Co-operatives UK in partnership with The Co-operative Bank, The Hive gives co-operative businesses access to the expert advice and guidance they need to thrive. Together, we're empowering groups and innovators to create businesses that sit at the heart of vibrant local communities.

Since the start of the programme to the end of 2019, **941** groups have benefited from support, including direct technical advice, peer mentoring, training and introductory workshops. A number of these groups went on to leverage nearly **£6 million** of community investment.

The Hive works with businesses that span all sectors of the UK economy, creating jobs and delivering goods and services in sustainable ways. They include everything from retailers and small worker-owned enterprises to innovative digital start-ups and community-based initiatives.

As the programme is currently funded until the end of 2020, we are working with Co-operatives UK to ensure that we continue to offer the best support we can to our co-operative customers. We are also making significant improvements to our products and services for SME customers and this will improve our proposition for co-operative businesses.

Creating a co-operative hub in Greater Manchester

We remain committed to our North West base, and were proud to take part in the **Greater Manchester Co-operative Commission**, submitting evidence about the success of The Hive project to support development of co-operative activity across the region.

Celebrating co-operative success

We were proud to sponsor the annual **Co-operatives UK Congress**, held in Manchester in June 2019, which brought together over 200 co-operative businesses from across the UK. We also supported the annual **Co-operative of the Year Awards**, celebrating the

The Commission is driving an exploration of how co-operative methods can help improve the economy and address some of the issues faced by businesses within the North West region.

achievements of co-operative businesses across the UK, and were delighted that one of the winners, The Bristol Wood Recycling Project, had received support from The Hive, highlighting the impact of this unique programme.





Ethical products and services

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The Hive: Changing lives in Manchester with Projekts MCR

Projekts MCR is a skatepark based on disused land under a busy flyover near to Manchester city centre. It was set up in 2004 as a vital space for Manchester’s community of skateboarders – who until then, had nowhere else to go.

The skatepark works with all parts of the community and, as well as being open to the public, runs sessions for under 16s, adults, women-only nights, beginner classes, home-schooled children and more. Coaches also go out to schools to run lunchtime and after-school clubs across Greater Manchester.

The team at Projekts MCR had a plan for an ambitious expansion project that would make the park even more embedded in the community. But they soon realised they would need financial help to fund the project. With support from The Hive, they decided to launch a crowdfunder, which took the form of a community share

offer. Thanks to the expert guidance they received, the share offer was awarded the community shares Standard Mark – a ‘rubberstamp’ given to share offers that meet national standards of good practice.

Anyone who invests in the community share offer automatically becomes a member and has a say in the future of the skatepark. Projekts MCR successfully raised **£134,388** from its **70** member investors, allowing it to expand the spectator and cafe spaces and to build more ramps.

“The Hive commissioned a consultant to work closely with us to make sure that a share offer was as good as it possibly should be. We want people to be a part of what we’re doing.”

John Haines, Projekts MCR



Supporting ethical businesses



We were delighted to sponsor the **Ethical Consumer Conference** in October 2019, which focused on how consumers, businesses and campaigners can work together to help tackle climate change and environmental breakdown.

The conference urged participants and wider society to revolutionise the way we shop, save and live by taking an holistic approach that addresses the results of climate change and not just the emissions themselves. It raised the concept that by changing our daily habits, from choosing organic where possible to changing our bank account, we can bring about the change that will make a positive impact on our future.

[Read about why we were proud to support the event here](#)



Ethical products and services

We seek to offer products and services that reflect our values and ethics.

Supporting the small businesses that make our communities thrive

In 2019 we conducted research which revealed that 70% of UK SMEs consider themselves to be purpose-driven businesses. What makes them special is their strong desire to make a difference in the lives of their customers and local communities. We support these community-focused businesses by offering straightforward, value for money products, designed specifically for their needs.

For example, in July 2019 we launched a market-leading introductory offer for new customers - **free everyday banking for 30 months**. As data suggests most new businesses fail in their second year, this allows us to support small business owners when they need it most.

We have a unique partnership with the Federation of Small Businesses (FSB), and were delighted to be awarded £15m from the Capability and Innovation Fund, a fund put in place to help challenger banks to invest in products and services for SMEs. In addition to this grant funding, we are investing £17m of our own money to deliver significant improvements over the next three years, including modernising and enhancing our digital service, which will include launching a new mobile app for SME customers.

[Read about our exciting plans for SME products and services](#)



Funding charity projects that improve the lives of local people

Community Directplus account holders can apply for up to £1,000 from the **Customer Donation Fund** to support special projects and activities. In 2019 we donated **£27,510** to **29** community projects across the UK. Since the scheme started in 2003, we've donated **£837,288** to **966** community organisations.

One beneficiary of the fund in 2019 was **Bolton Contemporary CIC**, a not for profit visual arts group that provides arts workshops across Bolton and Greater Manchester. The group aims to engage members of the local community in accessible arts projects that help to bring people together and to improve the mental health and wellbeing of their participants. They work with people of all ages, abilities and backgrounds to produce, exhibit and engage with contemporary arts.

The donation of £1,000 from our Customer Donation Fund allowed the group to offer a fully funded 10 week Risography course for disabled children and their siblings. Risography is an

£27,510 donated in 2019 **29** projects supported **£837,288** donated in total

innovative media that creates unique, colourful prints that can then be mass produced, like the calendar shown here. The process itself is like a cross between screen printing and photocopying.

"We believe making and interacting with visual art is something that should be accessible to everyone."

Rebecca Harrington, Director of Bolton Contemporary CIC

[Read about more of the projects we've supported](#)





Ethical business

We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.

We reduced our carbon emissions by 21% in 2019... and paid back the rest by investing in green projects around the world

Protecting the environment and promoting sustainable development have always been cornerstones of our Ethical Policy. As well as refusing to provide banking services to businesses whose core activities contribute to global climate change via the production of fossil fuels, and supporting organisations that make a positive impact on the environment, we take steps to reduce the environmental impact of our own operations too.

In 2019, we sourced **all our electricity from renewable energy** suppliers and reduced our business travel. As a result, our total carbon emissions were **21% lower** in 2019 than in 2018.

We have reported our greenhouse gas (GHG) emissions since 1998 and we measure our direct GHG emissions in carbon dioxide equivalent (tCO2e) using the latest UK government guidance. Our direct GHG footprint encompasses energy consumption, refrigerant leakages from major occupancies and all business travel (air, rail and road). You can see our 2019 environmental data in full on page 19.

PVC-free credit and debit cards

In line with our Ethical Policy statement against the release of chemicals that persist in the environment, we issue customers with 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.

Carbon offsetting with ClimateCare

Although we reduced our carbon emissions by a further **21%** in 2019, it's impossible to reduce them to zero at the moment. We compensate for this by offsetting our residual carbon emissions by purchasing carbon credits. The Co-operative Bank has been **'beyond carbon neutral'** since 2007. We can make this claim because we offset an additional 10% of our carbon emissions to address the impact our business activities have had in the past.

In 2019 we offset **1,836 tonnes** of operational greenhouse gas emissions (1,669 tonnes + 10%).

Carbon offsetting allows us to invest in environmental projects around the world. Working with climate and development experts, ClimateCare, we support projects that have a positive impact on the environment and the local population and which are in line with our Ethical Policy. In 2019, we supported two projects.

The Gola Rainforest Conservation project in Sierra Leone has helped to protect the critically endangered western chimpanzee and pygmy hippo, and to fund programmes that benefit the local community. These include projects that reintroduce lost skills in sustainable cocoa production and that rebuild communities that have been affected by civil war and the Ebola outbreak.

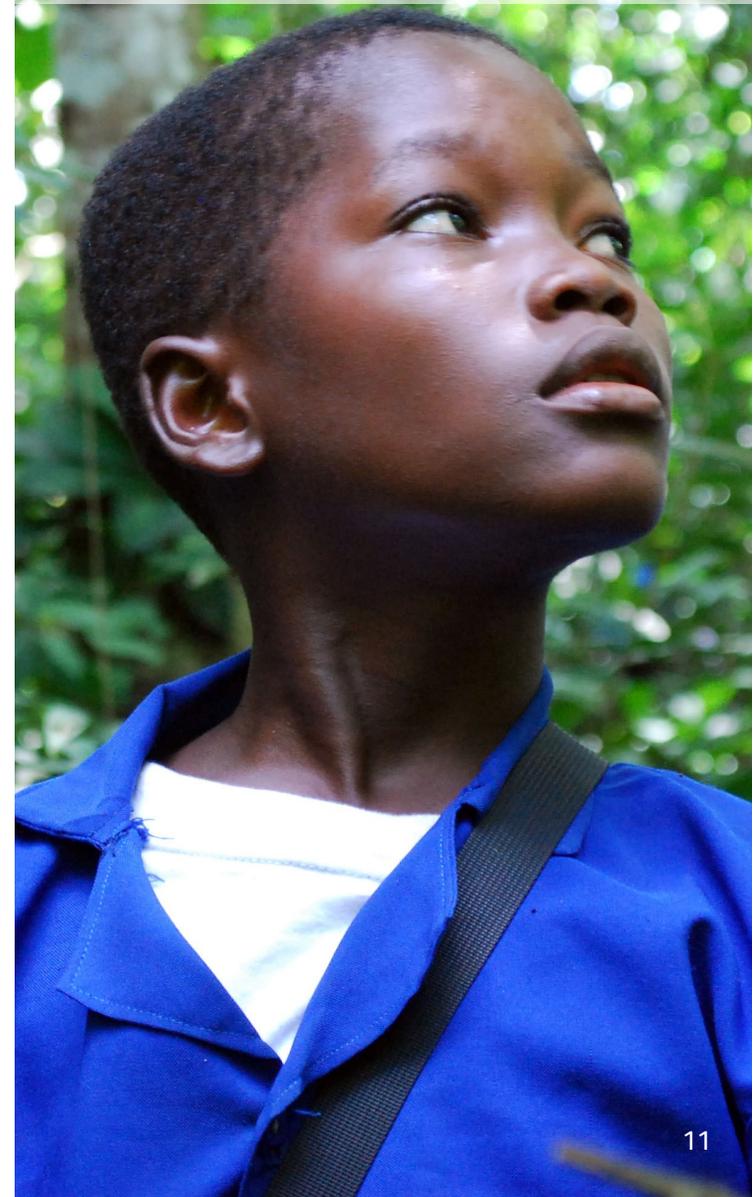
We also supported the Aqua Clara project in Kenya, which provides simple, affordable and effective solutions to give communities access to safe drinking water that improves health, saves lives, cuts carbon emissions and protects local forests.

The Gola Rainforest Project in numbers

327
bird species and
49
larger mammal
species protected

700
school
scholarships

24,000
people across
122
communities
supported





Ethical business

We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.

Our pledge to send zero waste to landfill by the end of 2020

We're very proud of the position we've taken on protecting the environment as part of our Ethical Policy. However, in acknowledgement of what is now widely recognised as a global climate emergency, we realise that we need to do even more to minimise the environmental impact of our business.

That's why in 2019 we challenged ourselves to introduce initiatives that will improve our environmental credentials, such as committing to send zero waste to landfill by the end of 2020.

Following a thorough audit of the waste we were sending to landfill, we have started to introduce new 'recycle stations' across our offices and branches to allow colleagues to separate their waste into distinct streams, each of which can be sent to a specialist recycler for processing. As a result, we're now sending food waste for anaerobic digestion, making new milk bottles from our empties and giving our used crisp packets a future as completely new products.

"As part of our commitment to send zero waste to landfill we're making it easier for our colleagues to be more environmentally friendly. Once they get into the habit of putting every piece of waste into the right recycling bin at work, they get better at recycling at home too. They're also challenging me to find closed loop solutions for some of the more difficult to recycle materials, such as bottle tops and yogurt pots. We're constantly innovating, looking for new ways to reduce, reuse and recycle everything from plastic bottles to old IT equipment."

Mandy Keepax, Soft Services Manager, The Co-operative Bank



The co-operative bank
PODCAST

We've recorded a great podcast about our approach to recycling. Click the icon or search for **The Co-operative Bank Podcast** 'How can we ensure our recycling is more effective?' in your preferred podcast app.

What happened to the card reader you sent back for recycling?

Thank you to those customers who have returned over 84,000 card readers for recycling so far. Each unit is sent to a specialist recycler in Scotland, where they are broken down to allow the plastic, precious metals and batteries to be separated and either recovered or sent for further processing.

We made the promise that no part of the card reader would end up in landfill and this is achieved by using the plastic that can't be recycled to fuel the refiner that recovers the precious metals. The metals recovered during the recycling process include iron, cobalt, manganese, nickel, copper and aluminium.

84,700
card readers
stacked up is the
same height as
185
double decker
buses



[Read the full recycling story here](#)



Supporting the Global Climate Strike



On 20 September 2019, colleagues from The Co-operative Bank joined children and young people in their call for action on climate change in the first ever Global Climate Strike.

"I was excited that The Bank was taking part in the strike action. It felt significant; that we actively had a stance and were prepared to communicate our point of view in more than just words. Fossil fuel extraction is a major climate change factor. We know this is an issue that matters to our customers, which is why we refuse to fund any business that's involved in the extraction or production of fossil fuels. I was proud to be able to take part in the Global Climate Strike on behalf of The Bank."

Zoe Lawrie, Head of Digital Content and Design, The Co-operative Bank

[Find out more about why we chose to support the strike](#)





Ethical business

We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.

Proud signatories of the United Nations Principles for Responsible Banking

As society's expectations change, banks must be transparent and clear about how their products and services create value for their customers, as well as our wider society. The UN's Principles for Responsible Banking help banks around the world to align their business strategies with society's goals.

The Principles provide the framework for a sustainable banking system and help the industry to demonstrate how it makes a positive contribution to society. They are accelerating the banking industry's contribution to achieving society's goals as

expressed in the UN's Sustainable Development Goals and the Paris Climate Agreement.

We were proud to become a signatory to the Principles in March 2020. We view this as a strengthening of the commitments we already make to our customers through our Ethical Policy and a great way for us to be part of a collective commitment to climate action across our industry.

Signatory of:



Ethical supplier relationships

As well as making sure our own activities are in line with the Ethical Policy, our commitment extends to indirect activities through supplier relationships. All prospective suppliers are required to sign up to the Bank's Sustainable Procurement and Supplier Policy and to provide details of how their activities impact on our Ethical Policy. We also complete an annual check on all suppliers with annual contracts of £250k and over.

If a potential issue is identified, the supplier is referred to the Values & Ethics team for a more detailed assessment. In some instances, we have no option but to work with a conflicting supplier. In these cases, a business case is presented to explain why no alternative supplier is suitable.



Contribution to national wealth

In 2019 our contribution to the national wealth, or 'economic value generated and distributed', was **£435 million**. Of this, our community investment was **£1.1 million** (£1.3 million in 2018). Economic value is distributed as salaries to employees, donations to charitable causes, and, if relevant, profit and reserves to our owners.

£435m
economic
value

£1.1m
community
investment

No political alignment

The Co-operative Bank does not support or donate to any political party, politician or party political campaign group.

ESG 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](#)



Taxation policy

We are signatories to the HM Revenues & 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](#)



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.

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.



Ethical workplace and culture

Our workplace culture reflects co-operative values and ethics.

Our five point gender diversity plan

1. **Listening to our colleagues and supporting progression through our values-led workplace environment and family friendly policies**
2. **Focused programmes and initiatives to encourage internal progression**
3. **Proactive attraction of wider diversity of applicants for externally advertised roles, across all levels**
4. **Ensuring equal pay between colleagues**
5. **Tailored business area plans to target specific challenges**



Committed to the HM Treasury Women in Finance Charter

As one of the first banks to sign up to HM Treasury's Women in Finance Charter in 2016, we set a target to increase female representation in our senior leadership from 32 % to 40 % by 2020.

In 2019 we maintained our progress and now have **42.3%** women in senior roles at our Bank.

Our focus in 2020 will be to continue to deliver on our five point strategy, which is helping to drive change and produce clear results from the actions we have taken to deliver on our Charter commitments. We'll also continue to support the great work of our inclusion and diversity networks, who support our colleagues in bringing together the talents, beliefs, backgrounds and capabilities of all.

[Read our Women in Finance Report 2019. Click here](#)



Prioritising our gender pay balance

In 2019 our median gender pay gap was 22.62 % , slightly lower than our 2018 figure of 23.31 % . This gap reflects the profile of our workforce, where women are under-represented in senior roles and over-represented in more junior positions.

Whilst we understand this gender profile is typical of many financial services companies, we remain committed to addressing it. In 2019, we turned our focus to how we can build towards gender balance at all levels across our organisation.

This has included a proactive focus on balanced internal progression and striving to attract a more balanced applicant pool when recruiting externally, in particular for junior and senior roles where the gender imbalance is widest.

By engaging in appropriate activities to build gender balance at all levels, we will create a more inclusive environment which will, over time, have a positive impact on our Gender Pay Gap.

A Real Living Wage employer

As an accredited Living Wage employer since 2015, we know all our colleagues are paid a fair wage that reflects the real cost of living.



Entry talent and development

Our intern and graduate programme allows us to identify entry level talent. We have 30 colleagues on our graduate scheme, and in 2019, 14 graduates finished their programme and successfully secured permanent roles across our Bank. Fifteen new graduates entered the programme in September 2019, including five who joined our new Banking Leadership cohort, which provides rotational placements across a variety of business functions.

We also have over 100 colleagues studying for an apprenticeship across a number of areas including customer service, risk and compliance, finance, accounting and taxation professional qualifications. New programmes in data analytics and software development will support our strategic digital objectives.

We remain focused on giving all our colleagues high quality development opportunities, as well as providing mandatory risk, conduct and performance management training. Giving our people the skills, tools and support they need to perform at their best is essential to our future success.

Ethical workplace and culture

Our workplace culture reflects co-operative values and ethics.

Our People with Purpose support their communities

Every Co-operative Bank colleague has the opportunity to take two paid volunteering days every year, which they use to support local and national charities and community organisations. In 2019, **816** colleagues took part in the programme, donating a total of **4,759 hours** to their local communities.

Here are some of our charity and volunteering highlights...



Over three days during August 2019, 72 colleagues spent the day at **Lyme Park** in Cheshire helping the National Trust ranger team to eradicate invasive rhododendrons from across the estate. Between them, they clocked up over 500 hours of volunteering.



We collected presents for the **Cash for Kids** Mission Christmas campaign during November and then 44 colleagues volunteered with the charity to put together packs of presents for disadvantaged children in our local areas.



17 colleague volunteers mentored teams of school pupils in the **Mosaic Enterprise Challenge**, a national business competition. Colleague Mark O'Neil led his team from Fred Longworth High School in Wigan all the way to the National Finals in London!



We were delighted to link up with **One Million Mentors**, who offer a high quality mentoring scheme that gives students with high potential but low social capital access to a trained mentor from the local business community,

Disability Confident Employer

We are a Disability Confident certified employer and are committed to recruiting and retaining people with disabilities or health conditions for their skills and talent. We also continue to hold relationships with diversity advisory bodies such as Inclusive Employers, who provide us with support on inclusion and we have renewed our commitments under the Race Charter.

Our co-operative workplace

Throughout 2019 we worked in close consultation with our recognised trades unions on proposals for change. We also worked with them proactively to understand the interests and needs of members/colleagues. We continue to support their important work through funding two full time union representatives.

Our Colleague Co-operative Forum provides an opportunity for colleagues from all areas of the business to come together to share their opinions and influence key aspects of our workplace culture.



Ethical workplace and culture

Our workplace culture reflects co-operative values and ethics.

Supporting our North West community

As a major employer in Manchester and the North West of England, we know it's important to take an active role in the communities we serve. In 2019, we supported a number of exciting events across the region.

Flying the flag at Manchester Pride

For the third consecutive year, The Bank supported the **Manchester Pride Parade**, demonstrating our ongoing commitment to diversity and inclusion.

Find out what Pride means to us here



Digital Bees take flight

In 2019 colleagues from our Digital and Cyber Security teams launched Digital Bees to share their expertise and passion for digital technology with customers and communities in Manchester and the North West.

Since launching in October 2019, the Bees have hosted digital skills sessions for small business owners and digital community drop ins at Manchester Central Library. They've inspired girls to follow a career in digital by taking part in Digital Her events for 12-13 year old students in Manchester, and were part of the Digital City industry showcase, winning two prestigious awards at the event.

The Digital Bees were also represented at Manchester Digital's Talent Day, part of the Digital Skills Festival, where they talked to young people about range of exciting digital roles on offer at The Co-operative Bank.

Follow the Digital Bees here



Northern Power Women Awards

Founded in 2015, Northern Power Women is a campaign to accelerate gender diversity from the North of England. We've been delighted to partner with the network on careers events and we've sponsored the Person with Purpose category in the upcoming Northern Power Women Awards.



Our colleague networks

We now have five inclusion networks that are run by colleagues for colleagues. All of our networks are inclusive and open to all colleagues.



Proud Together - represents LGBT colleagues across The Bank and offers support and information.



Elevate - The Bank's Women's Career network.



Reach - our network that celebrates our Race, Ethnicity and Cultural Heritage.



Access - supporting colleagues with disabilities, long-term health conditions, mental health conditions and caring responsibilities.



Futures - The Bank's newest inclusion network, recognising the challenges people can face at the start of their career.



Ethical campaigning

We have a long history of campaigning for important causes. Guided by our customers and our co-operative values, we seek to use our influence and resources to improve society for everyone.

Standing up for human rights with Amnesty International

The Co-operative Bank has a long-standing partnership with Amnesty International UK, and a shared commitment to promoting human rights and equality. We have worked together on campaigns and initiatives since 2008 and were delighted to re-establish this relationship in 2019 through support for two important programmes, Rise Up and Write for Rights.

[Read more about our support for Amnesty International](#)



Helping young people to Rise Up

In 2019 we were proud to support Amnesty International UK with the launch of Rise Up, a one year training programme for young people aged 16-24 with the passion to push for social change.

The programme is aimed at young people who want to gain experience in campaigning and activism. Made up of four residential weekend sessions, the programme builds skills, knowledge, confidence and networks so participants feel well equipped to lead their own social change campaigns.

[Read more about Rise Up](#)



Colleagues and customers join forces in Write for Rights campaign

In December 2019, we were proud to support Write for Rights, Amnesty International’s annual letter-writing campaign which helps to shine a light on human rights injustices around the world. This year’s Write for Rights campaign focused on children and young people fighting for and leading on change, many of whom are now facing terrible danger as a result.

Our colleague Amnesty International group, alongside volunteers and colleagues across all of our office sites and branches, stood together in an act of co-operation with young people who are fighting for their rights around the world. Thanks to the tireless efforts of our colleagues and customers, The Co-operative Bank contributed an incredible **8,500** letters to Write for Rights. Whether supporting migrant women who need access to protection against domestic abuse, young activists campaigning for a response to climate change, or trans people fighting for equality, these letters can and will make a real difference.

“The Co-operative Bank’s support of Write for Rights 2019 was a powerful display of the values we share. It was wonderful to hear stories from across the country of customers and colleagues getting involved and supporting the campaign. Write for Rights symbolises an extremely important aspect of the Amnesty movement; coming together to remind people that they are not alone in their fight for human rights. With the Co-operative Bank’s support for the campaign we showed that every person’s action is powerful and I couldn’t be more grateful.”

Kate Allen, Director, Amnesty International UK



The co-operative bank
PODCAST

Kate sat down with us for a chat. Click the icon to listen or search for **The Co-operative Bank Podcast** ‘We talk with Kate Allen from Amnesty International about her life’ on your preferred podcast app.





Ethical campaigning

We have a long history of campaigning for important causes. Guided by our customers and our co-operative values, we seek to use our influence and resources to improve society for everyone.

Ending youth homelessness with Centrepont

A message from Seyi Obakin OBE, Chief Executive, Centrepont



“The customers and staff of the Co-operative Bank have been supporting some of the most vulnerable young people through Centrepont since 2017 – young people who have found themselves homeless, bereft and on a downward spiral. As I write today, I am totally humbled by the immense commitment and effort to raise £1.4m to offer them hope that a better future is possible and to help them make that future a reality. This is, quite simply, an incredible achievement.

“I cannot thank colleagues and customers enough for your support to help give homeless young people a future. The success of our partnership to date is testament to The Co-operative Bank living its values as an ethical bank. We are proud to work together and on behalf of all the young people Centrepont supports. Thank you.”

Our third Centrepont Sleep Out!

For the third year running, we were delighted to sponsor Centrepont’s Sleep Out Manchester. During a chilly night in November, around 200 Co-operative Bank colleagues and members of the public ‘slept out’ in Manchester’s iconic Victoria Baths, raising over **£86,000** for young people facing homelessness.

The money we’ve raised through Sleep Out and other fundraising, plus the donations we’ve made on behalf of our mortgage customers in 2019, has supported the Centrepont Helpline, which helped over **5,000 young people** in 2019. It has also funded two dedicated health practitioner roles within the charity.

[Read the full Manchester Sleep Out story here](#)



Supporting our favourite charities

Our charitable donations in 2019 totalled **£997,996**. This included donations to our Everyday Rewards charity partners and Centrepont.

Within this total, **£45,000** was raised by our colleagues for Centrepont and a further **£31,600** for their favourite local and national charities. The Bank donated an additional **£7,900** to these charities through our Charity Boost scheme, which gives our colleagues extra encouragement and support by topping up their fundraising.

We’ve also supported our local **Trussell Trust** foodbanks by collecting non-perishable food and toiletry items and by volunteering on site to sort the donations.



Support for victims of economic abuse

We’re proud to have worked with domestic abuse charity, Refuge, to champion the Financial Abuse Code of Practice. Now one year old, the code provides guidance to financial services firms to ensure that victims of financial abuse get consistent support from their banking provider when they need it. It also helps people who deal directly with customers to recognise the signs of financial abuse.



[Read about how the code is working in practice here](#)



Environment, Social and Governance Reporting Data

As the original ethical bank, our customer-led Ethical Policy has been shaping the way we do business for over 25 years. In a time when environmental and ethical concerns are becoming increasingly important to consumers, our commitment to Values and Ethics continues to be at the heart of everything we do. These pages provide some additional metrics to provide evidence of this commitment.

Our Environmental Data

Greenhouse gas emissions by source

Source of emissions	Total emissions (tCO2e)	
	2019	2018
Fuel combustion	876	1,032
Electricity consumption ^{1,2}	5,811	7,061
Refrigerant leakages ³	312	650
Business travel	423	671
TOTAL	7,422	9,414
Carbon intensity (tCO2e/FTE) ⁴	2.4	2.9

Future Environmental reporting

Protecting the environment has been one of the commitments within our Ethical Policy since it was launched in 1992. We have reported our greenhouse gas (GHG) emissions since 1998 and continue to see a downward trend in our carbon footprint.

We are targeting a further **10% decrease** in our greenhouse gas emissions in 2020.

We have been 'beyond carbon neutral' since 2007. We offset our carbon emissions, plus an additional 10% to cover historic emissions, by supporting environmental project across the world. See page 11 for details.

Please note: The greenhouse gas data above has been reviewed and updated since it was previously published.

1. The GHG emissions associated with electricity usage are calculated using the UK average GHG emissions figure. Electricity sourced by The Co-operative Bank is 100% renewable. For the small number of occupancies where electricity is not directly sourced by the Bank, we are unable to verify the tariff used. For the purposes of offsetting, we therefore assume that 1% of electricity used by the Bank is not sourced from renewables.

Additional environmental metrics and targets

	2020 target	2019	2018
% waste to landfill	0%	25% ⁵	25%
Lending to renewable energy sector	Ongoing investment	£24m	£26m
Total paper usage (reams)	Reduction in usage	20,246	23,306
% energy sourced from renewables ⁶	100%	100%	100%

We will continue to develop our ESG reporting, which will include the recommendations of the Financial Sustainability Taskforce on Climate-related Financial Disclosures (TCFD) as we assess how we can fully implement the recommendations into future year's reporting along with the UN Principles of Responsible Banking Framework.



2. GHG emissions per unit of electricity are calculated by DEFRA and updated annually.
 3. Refrigerant gas data includes major occupancy properties only.
 4. Average number of full time equivalent (FTE) employees for the year.
 5. Estimate based on 2018 data.
 6. All electricity sourced by The Co-operative Bank is from renewable sources.



Environment, Social and Governance Reporting Data

Our Social Impact data

We are committed to keeping co-operative principles at the heart of our business and to demonstrating the co-operative values through everything we do. Our impact on society goes beyond the people we are providing banking services to, as we seek to drive positive social change through our community initiatives and in co-operation with the partnerships and charities we work with. This table sets out a snapshot of some of the ways we measure our impact on society.

	2019	2018
Total charity donations	£997,996	£995,098
Number of co-operatives, charities and credit unions who bank with us	805 co-operatives 4,416 charities 194 credit unions	750 co-operatives 4,950 charities 218 credit unions
Support for the co-operative movement through funding for The Hive	£158,700	£451,196
Supporting our local communities through colleague volunteering	4,759 hours	4,330 hours
% of colleagues who have taken part in a volunteering activity	26%	21%
Number of customers we've helped to buy their first home	3,304	3,517
Number of customers supported through our partnership with Citizen's advice Manchester	418	437

Key Governance data

The co-operative values and Ethical Policy are incorporated in the Bank's Articles of Association and established at the heart of our constitution. The Values and Ethics Committee provides Board level oversight of the delivery of the values and ethics policy and strategy, ensuring effective governance and accountability. It will continue to review the development of our ESG reporting over time. This will include the recommendations of the Financial Stability Taskforce on Climate-related Financial Disclosures (TCFD) as we assess how we can fully implement the recommendations into future years' reporting and along with UN Principles of Responsible Banking Framework. The Values and Ethics Committee met **four** times in 2019 and will continue to meet on a quarterly basis in 2020.

	2019	2018
Total number of business account applications received	14,680	5,228
Total number of applications referred for further Ethical Policy screening (see page 5 for more information)	223	138
% of women in senior positions	42.3%	40.6%
In 2016 we set our target to increase the number of women in senior positions from 32% to 40% and developed a five-point plan to drive the improvement. As we have exceeded our target we will continue to deliver against the five-point plan, ensuring we maintain the position and remain focussed on improving our gender inclusion and balance at all levels.		
Gender pay gap – median	22.62%	23.31%
Colleague engagement score	82%	80%

Find out more:

Thank you for reading our Values & Ethics Report 2019. 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 Ethical Policy 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.

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Verification statement

The Co-operative Bank's Internal Audit department, acting as an independent function of the Bank, has performed a verification exercise on the information presented in this report. In addition to verifying key data points to underlying records, they have conducted a review of supporting evidence related to Greenhouse Gas emissions, Community Investment, Colleague Volunteering and Ethical Screening of Business customers. They have concluded that the information in this report is accurate and not misleading.