

Our Values and Ethics in Action

Sustainability Report 2021

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



150
years of
**ethical
banking**



150 years of ethical banking



I am delighted to present The Co-operative Bank's 2021 Sustainability Report, highlighting how we have put our values and ethics into action throughout the year.

The Co-operative Bank has been rooted in distinctive co-operative values and ethics, underpinning how we run our business and providing customers with a real ethical alternative for 150 years. 2022 marks our 150th anniversary of ethical banking and I am extremely proud of the way in which our Bank remains committed to our co-operative heritage and values in all that we do. It is our unwavering commitment to these values and our unique customer-led Ethical Policy which has made us a natural leader in environmental and social issues today, and I am delighted that in 2021 the Bank was recognised as the UK's best Environmental, Social and Governance (ESG) rated high street bank by leading ESG ratings agency Sustainalytics*.

In a year where environmental and social issues have been pushed to the forefront of the news agenda and amplified by the COP26 summit, there has never been a more pressing time for our Bank to focus our efforts on causes that matter to our customers and colleagues. As Chief Executive Officer, I truly believe in collective responsibility, working co-operatively to drive meaningful environmental and social change. The climate-nature emergency has been a particular area of focus for the Bank this year and I was delighted to play my part as an ambassador for Zero Hour, the campaign for the Climate and Ecological Emergency Bill, joining like-minded campaigners and scientists in calling for real environmental change at a visit to 10 Downing Street.

This year we undertook our sixth Values and Ethics poll, which will inform an update to our Ethical Policy, due to launch in the first half of 2022. We have now received 370,000 customer responses on the ethical issues that matter most to them since we first launched the Policy in 1992. In our more recent history, our support for the co-operative movement through the Hive programme, and our co-operation with charitable organisations to tackle important issues such as economic abuse, youth homelessness and human rights and equality are all achievements that we are immensely proud of.

Looking forward to the year ahead, we have ambitious targets for how we can continue to drive meaningful change and remain a leader in ESG. We are committed to:

- Being a sustainable business and taking action to protect and improve biodiversity and the environment.
- Supporting individuals in being able to live and work freely, equitably and safely.
- Being good local and world citizens, working to build stronger and more resilient communities.



N. Slape

Nick Slape
Chief Executive Officer

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* Rated by Sustainalytics in the Regional Banks sub-industry as of June 11, 2021

Progressing our sustainability agenda

Our environmental, social and governance commitments

At the start of 2021 we set out our key environmental, social and governance commitments for the year. These were inspired by our unique Ethical Policy, which has been shaped by our customers for 30 years and guides how we can make a difference to the environment and the communities in which we live and work. So how did we do and what happens next?

Our key environmental targets

In 2021 we said we would...	How did we do?	What about 2022 and beyond?
maintain the beyond carbon neutral position we've held since 2007 for our operational emissions.	Our operations remained carbon neutral in 2021, with an additional offset of 10% to address historic emissions.	We'll assess the impact of our indirect emissions with a view to announcing our net zero target date at the end of 2022.
continue our zero waste to landfill position and start our journey to embed a full circular economy.	We did not send any operational waste to landfill in 2021 and 70% of our waste was recycled*. We continued to develop our circular economy strategy.	We will aim to recycle at least 60% of operational waste by the end of 2022*.
remain committed to sourcing all of our electricity from renewable sources and seek opportunities to reduce our energy consumption.	We reduced our energy consumption by 18% year-on-year and sourced all directly procured electricity from renewable sources.	We'll keep our operational GHG emissions intensity ratio below 1.8 from our 2019 baseline of 2.4

Our key social targets

In 2021 we said we would...	How did we do?	What about 2022 and beyond?
challenge ourselves to increase our co-operative business customer base by 14% to demonstrate our commitment to supporting the co-operative sector.	We achieved a 4% increase in our co-operative business customer base, providing banking services to 12% of all registered co-operatives as at the end of 2021. In 2021 we delivered the key infrastructure for our SME business to enable sustainable growth in the future.	We'll continue to support the co-operative sector and work towards a 14% increase in our co-operative business customer base.
make a positive social change by working with Refuge to highlight the impact of digital banking on survivors of economic abuse.	Our work with Refuge led to the launch of a cross-sector commission into the impact of online banking on those experiencing economic abuse.	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.
increase our total volunteering hours by 10% in 2021.	Our colleagues took part in 1,980 hours of volunteering. That's over 300% more than in 2020.	We'll continue to support our local communities particularly in the North West and increase volunteering hours by 10%.

Our key governance targets

In 2021 we said we would...	How did we do?	What about 2022 and beyond?
link Executive pay to achieving ESG targets from 2022.	This pay link was approved by the Board and specific ESG performance measures have been agreed.	In 2022 and going forward, Executive pay will be linked to delivery of our ESG commitments. See page 8 for details.
maintain our commitment to diversity, inclusion and balance by having 40% of our senior positions filled by women.	We continued to have at least 40% of senior positions filled by women.	We have re-stated our target to have 45% of senior positions filled by women by the end of 2023.
continue to decline business banking services to any business that conflicts with our Ethical Policy.	We have declined 10 business banking applications in 2021. You can find full details on page 13.	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.

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

Our Environmental, Social and Governance Report

Environmental

Our commitment to protecting the environment was formalised 30 years ago when we launched our Ethical Policy. In 2021 we were recognised as the UK's best Environmental, Social and Governance (ESG) rated high street bank by leading ESG ratings agency, Sustainalytics – with an ESG risk score of just 9.2*.

In 2021 we have continued to see a downward trend in our operational greenhouse gas emissions. 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 will

offset our 2021 emissions in line with this commitment. We continue to source our electricity from renewable energy suppliers and have continued to keep business travel to a minimum again this year.

Having achieved an 18% year-on-year decrease in our operational greenhouse gas emissions in 2021, we have now achieved a 55% reduction on our 2019 baseline. While this is an achievement to be proud of, we recognise that it is largely due to changes in our day-to-day operations in response to the COVID-19 pandemic. Our challenge is to continue this trend in 2022 and beyond.

*Rated by Sustainalytics in the Regional Banks subindustry with a score of 9.2 as of 11 June 2021

Our Environmental Data¹

Scope 1 & 2 greenhouse gas emissions by source¹

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

Carbon offsetting - beyond carbon neutral⁵

Source of emissions	tCO ₂ e
Fuel combustion	805
'Non-renewable' electricity consumption ²	120
Refrigerant leakages	164
Business travel	27
Offset to be carbon neutral	1,116
Plus 10% for past activity	111.6
Offset to be beyond carbon neutral	1,228

Additional environmental metrics and targets

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

PVC-free credit and debit cards⁵

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. Only 2021 data 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 5.5% of total electricity consumption in 2021) 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 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 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 and targets are outlined on page 4 of this report.
Renewable Energy Programmes	✓	100% of the electricity we buy directly is sourced from renewables. See page 4.
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 of GHG Reporting	Scope 1 and 2	We report Scope 1 & 2 in line with Greenhouse Gas Protocol Corporate Standard and are in the process of establishing an implementation plan for Scope 3, where currently only business travel (category 6) is reported.
Environmental Management System	✗	The Co-operative Bank is working towards implementation of an EMS.
Environmental Management System Certification	✗	The Co-operative Bank is exploring the use of EMS certifications.

Environment - Quantitative Performance		
Carbon Intensity and Trend	✓	Details outlined on page 4.
Renewable Energy Use	✓	100% of the electricity we buy directly is sourced from renewables. See page 4.
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 page 13 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 2021 our lending to the renewable energy sector stood at over £9.5m.

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.

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 welcome work currently being undertaken within the financial services sector to establish a reporting framework for Scope 3 emissions and will look to implement this additional reporting once that framework is agreed.

As such, we will continue to develop our ESG reporting. We have made disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our 2021 ARA and will be looking to enhance the detail within these disclosures in 2022 and beyond.

In 2020 we signed up to the UN Principles for Responsible Banking and in 2021 we submitted our [18 month report](#) to document our progress within the programme. 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

We remain committed to holding co-operative principles at the heart of our business and we strive to demonstrate co-operative values in everything we do. We recognise that our impact on society goes beyond our customer base and we therefore seek to drive positive social change, working in partnership and co-operation with charities and community organisations.

Our colleagues remain enthusiastic volunteers, fundraisers and campaigners. Their support in

helping us to achieve our social goals in 2021 has been inspiring and you can read more about this on pages 16 and 19 of this report.

Many of our customers have needed additional support as the pandemic has continued in 2021. We're grateful for our partnership with Citizens Advice Manchester, which allows us to make a direct, priority referral to their vital services.

This table sets out a snapshot of some of the ways we measure our impact on society.

	2021	2020	2019
Total charity donations ¹	£1,105,583	£1,564,783	£997,996
Number of co-operatives, charities and credit unions who bank with us ¹	907 co-operatives ² 3,891 charities 157 credit unions	787 co-operatives 4,128 charities 163 credit unions	805 co-operatives 4,416 charities 194 credit unions
Support for the co-operative movement through funding for The Hive ¹	£400,000	£625,000	£158,700
Supporting our local communities through colleague volunteering ¹	1,980 hours ³	611 hours ³	4,759 hours
% of colleagues who have taken part in a volunteering activity ¹	10% ³	4% ³	27%
Number of customers we've helped to buy their first home	6,403	4,209	3,304
Number of customers supported through our partnership with Citizen's Advice Manchester	566	536	418

Continuing to support our customers and communities

The impact of the COVID-19 pandemic has continued to be felt by our retail and mortgage customers, by our business customers and by the many charities and community organisations we support and who bank with us. We have put in place a range of support measures to help our customers and communities through this difficult time, such as access to the Government backed lending schemes for business customers and payment deferrals for mortgage and loan customers.

We are proud to look after the banking needs of **95,591** small and medium sized businesses (SMEs).

In 2020, 9,800 of our business banking customers accessed the Bounce Back Loan Scheme and Coronavirus Business Interruption Loan Scheme. In 2021, we were delighted to continue supporting over 1,500 of these customers by offering flexible lending terms, such as the 'Pay As You Grow' scheme.

Contribution to national wealth

In 2021 our contribution to the national wealth, or 'economic value generated and distributed', was **£352 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.

£352m
economic
value

£1.1m
community
investment

1. Only 2021 data for these KPIs has been verified by SGS.

2. Figure includes 37 new accounts opened in 2021 as well as previously uncounted existing accounts.

3. 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 Gender Pay Gap Report and page 18 of this report.
Systemic Risk Reporting	✓	See our Annual Report and Accounts.
Social - Preparedness		
Freedom of Association Policy	✓	Read page 22 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 73 of our Environmental, Social and Governance Business Approach 2021 .
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 Women in Finance Charter progress and Gender 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 21 of our Ethical Policy for details of our Sustainable Procurement and Supplier Policy.
Supply Chain Monitoring	✓	Read page 21 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 our Responsible Marketing Policy in 2021. See page 87 of our Environmental, Social and Governance Business Approach 2021 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 dataa privacy management and data protection. See page 81 of our Environmental, Social and Governance Business Approach 2021 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 8 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 37 of our Environmental, Social and Governance Business Approach 2021 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.

Key Governance Data

Co-operative values and the Bank’s Ethical Policy are incorporated into the Articles of Association and established at the heart of our constitution.

The Board level Values and Ethics Committee ensures that co-operative values and the issues that are important to our customers are reflected in everything we do. It has oversight of the governance around the types of businesses we refuse banking services to, the causes we support and the issues the Bank campaigns on.

The Values and Ethics Committee met four times in 2021 and will continue to meet on a quarterly basis in 2022. You can read the chair of the committee’s report for 2021 in our Annual Report and Accounts.

With input from the Executive Committee, the Values and Ethics Committee will continue to review the development of our ESG reporting. This will include the recommendations of the Financial Stability Taskforce on Climate-related Financial

Disclosures (TCFD) as we begin to implement these into our reporting.

From 2022 Executive pay will be 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, achieving net zero and understanding the impact of Scope 3 emissions, reducing our GHG emissions, and a focus on diversity.

Although we have seen a reduction in some key diversity metrics in 2021, they remain above target. We will continue our work to improve diversity within our business in 2022 and beyond.

Research undertaken by the Bank in 2021 revealed that The Co-operative Bank was viewed as the top ethical banking brand by non-customers¹. Oversight by the Values and Ethics Committee is key to this.

	2021	2020	2019
Total number of business current accounts opened	12,606	12,116	7,473
Total number of applications referred for further Ethical Policy screening (see page 12 for more information) ²	328	438	223
% of women in senior positions (see page 18 for full details)	41.0%	42.3 %	42.3 %
Gender pay gap – median (see our Women in Finance Charter progress and Gender Pay Gap Report for more detail) ²	28.72%	25.94 %	22.62 %
Financial Services Culture Board Cultural Survey overall result (out of 100)	75	75	74

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.

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](#)

1. Q4 2021 non-customer ethical perception score of 28%. Ranked 1st with a 3pp gap to the 2nd place bank, which has a score of 25%.
2. Only 2021 data for these KPIs has been verified by SGS.

Our Sustainability Checklist - Governance

Governance		
Tax Disclosure	✓	See Annual Report & Accounts 2021.
ESG Reporting Approach	✓	See page 8.
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 24.
Governance — Preparedness		
Anti-Bribery and Corruption Policy and Programmes	✓	Our anti- <u>bribery and corruption</u> policy outlines our zero tolerance approach and 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 74 of our <u>Environmental, Social and Governance Business Approach 2021</u> document.
Business Ethics Programme	✓	Our <u>Ethical Policy</u> outlines our commitments to co-operative values and ethics, while our Board-level Values and Ethics Committee delivers enhanced governance and accountability. See page 8 of this report for more information.
Responsible Investment Policy and Programme	✓	Every business account application is screened against our customer-led <u>Ethical Policy</u> . 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 <u>UN Environment Programme Finance Initiative Principles for Responsible Banking in February 2020</u> .
Corporate Finance Programme	✓	Every business account application is screened against our customer-led <u>Ethical Policy</u> . 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 15 of our <u>Ethical Policy</u> and on pages 14 to 16 of this report. In 2021 we developed a Green, Social and Sustainability (GSS) Financing Framework to connect our values and ethics with our wholesale market financing strategy. Due for launch in early 2022, this framework will facilitate future 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 77 of our <u>Environmental, Social and Governance Business Approach 2021</u> 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 8 for more information.
ESG Performance Targets	✓	Our ESG performance targets have been agreed by the Board and from 2022 Executive pay will be linked to delivery of our ESG commitments. See page 10 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.

Alignment to the Sustainable Development Goals

Our responsible banking commitments

As signatories of the UN Principles for Responsible Banking, we have committed to align our strategy and practices with the vision for the future set out in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

We recognise that the activities of our Bank can have an impact on all 17 goals, both positively and sometimes negatively. 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 individuals and in 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. We're also developing products to help our customers to undertake renovations that will result in at least a two notch improvement in Energy Performance Certificate (EPC) rating, which will help to mitigate climate change.

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 values and ethics in action

Evolving our values and ethics

As we celebrate 150 years of ethical banking in 2022, this is a great time to reflect on the ethical alternative we have provided since 1872. We were the first, and we remain the only UK bank to have a customer-led Ethical Policy, which was launched in 1992.

In 2021 we conducted our sixth Values & Ethics Poll, through which nearly 50,000 customers shared their views on the ethical issues that are important to them today. We will use the findings of this poll to inform an update to our Ethical Policy in 2022.

The Ethical Policy brings to life our ongoing commitment to the values and ethics of the co-operative movement and guides our relationships between our customers, our colleagues, our suppliers and our wider communities.

Our co-operative brand values reflect 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, 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.

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

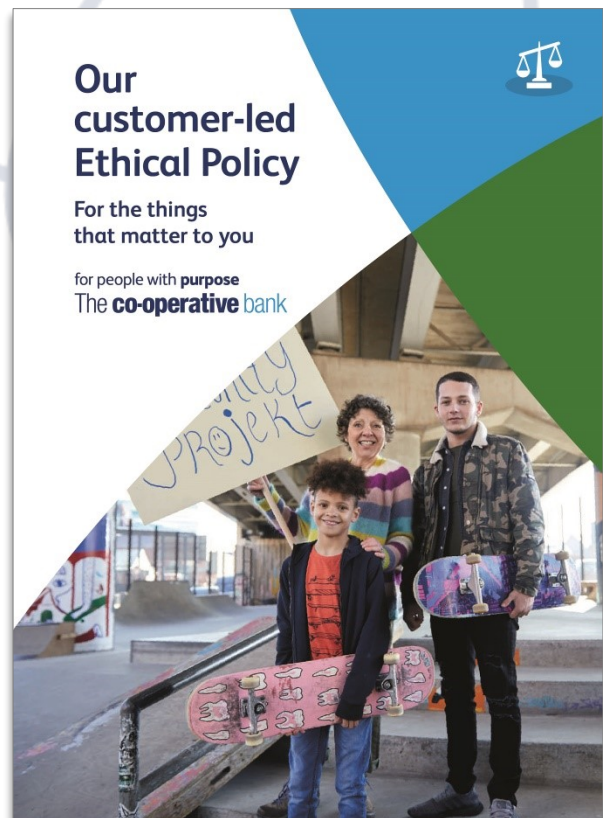
Our workplace culture reflects our co-operative values and ethics.



Pillar 5

Ethical campaigns

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



Click here to download our Ethical Policy



150 years of ethical banking

Our 2021 highlights



Recognised as **UK's best**
ESG rated high street bank

Rated by Sustainalytics in the
Regional Banks sub-industry
as of June 11, 2021



We're **taking action** to
address our gender balance

41% Women in
senior roles



We remain **beyond carbon**
neutral and have reduced
our GHG emissions by 18%

We became an **Ambassador**
of the Zero Hour campaign
for adoption of the **Climate**
and **Ecological Emergency Bill**

ZERO HOUR

Together with our
customers, we're
supporting Centrepoin't's
mission to **end youth**
homelessness by 2037

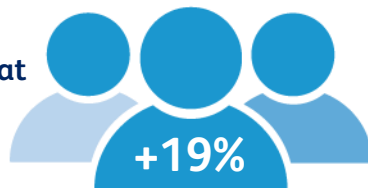


We give back to our
local communities
to **help them thrive**



of colleague
volunteering
which is **£51,263**
of worth of time

Our **people with**
purpose deliver great
customer service



Current account customer
satisfaction (NPS)*



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

328
Businesses
screened

10
Businesses
declined banking
services

* Ipsos 2021, Financial Research Survey (FRS), for six months ending December 2021. Achieved NPS score of +19. Results based on a sample of 505 Co-operative Bank main current account customers (aged 16+). The survey contacts around 53,000 adults (aged 16+) a year in total across Great Britain. Interviews were over the phone and online, taking into account (and weighted to) the overall profile of the adult population.

Ethical banking

We screen every business application against our Ethical Policy

When we launched our Ethical Policy in 1992 we committed to ensuring 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 the views of our customers. In 2021, 328 businesses were referred for enhanced screening and as a result, 10 applicants were not accepted as Co-operative Bank customers.

No. of customers referred for screening by issue

The 2021 data, with our 2020 figures in brackets for comparison. 2021 data has been verified by SGS.

No. of customers referred for screening by issue	Referrals 2021(2020)	Declines 2021 (2020)
Labour standards and human rights	143 (172*)	2 (3)
Social inclusion	0 (3)	0 (1)
Irresponsible payment of tax	0 (1)	0 (0)
Irresponsible gambling	11 (8)	0 (0)
Irresponsible marketing	4 (26)	0 (0)
Protecting the environment:		
Climate change	29 (30)	6 (16)
Chemicals	8 (6)	0 (0)
Waste	1 (1)	0 (0)
Biodiversity	50 (81)	0 (0)
Protecting animal welfare	73 (98)	1 (1)
Other	9 (11)	1 (0)
Total	328 (437*)	10 (21)

Human rights:

We declined banking services to an organisation involved in the manufacture of **indiscriminate weapons** systems.

We also declined services to a business linked to a case of **modern slavery**.

Climate change:

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

Animal welfare:

One business was declined for failing to meet our expected standards of **animal welfare**.

Other:

We asked an existing customer to find a new banking provider due to a reputational conflict with our Ethical Policy.



As well as being the first UK bank to sign the 2015 Paris Pledge not to finance the coal industry, we remain 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 any business or organisation involved in the manufacture or transfer of indiscriminate weapons.



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 2021 we closed 425 customer accounts (366 in 2020) due to risk related issues, including suspicion of money laundering and failure to provide documentation to satisfy Customer Due Diligence requirements.

* Figure restated from 2020 by one referral.

Ethical products and services

Supporting UK co-operatives

We believe in the power of co-operation and support the UK's co-operative sector by offering free business banking to co-operative businesses, with a dedicated relationship manager in place to provide advice and support to these customers.

We were proud to sponsor the 2021 Co-op Congress in July. Co-op Congress is the sector's annual conference, bringing together members, directors, activists and CEOs from co-operatives large and small to share ideas, get inspiration and take action on building a fairer economy. During the Congress, Maria Cearns, Managing Director of Customer and People at The Co-operative Bank, announced that we will be working with Co-operatives UK and The Co-op Foundation to develop a Youth Summit in 2022, which will serve to engage the next generation of co-operators.

We also supported the Co-op of the Year Awards 2021. With more than 35,000 public votes cast, these awards recognised the achievements of co-operators and co-operative organisations across the country.



Central England Co-op, winners of Leading Co-op of the Year

Championing ethical digital start ups

UnFound is a Co-operatives UK project that helps entrepreneurs develop digital businesses in a more collaborative and equitable way, through co-operation.

It aims to raise awareness of the platform co-op option through events, publications and policy work and is part of an international network of platform co-op founders and business support programmes.

The programme also provides tailored business support to platform co-op founders through the UnFound Accelerator, a unique business support programme for founders at the early stage of setting up their platform co-op. In July, we were delighted to support the programme with a £10,000 prize fund, which was shared between six platform co-ops following a public pitch event. Congratulations to the teams with the most votes, who were the Red Brick Language School, Dopo and Wings. We'll be offering the prize again in 2022.



Participants in the UnFound Accelerator live pitch event in July

Specialist business support for co-ops

As well as providing free business banking for co-operative businesses, since 2016 we've provided **£1.7m** of funding to **The Hive**, with an additional £400,000 investment for 2022. This unique business support programme created by Co-operatives UK in partnership with The Co-operative Bank, gives co-operative businesses from all sectors of the economy access to the expert advice and guidance they need to thrive.

So far, **1,645** groups have benefitted from technical advice, peer mentoring, training and introductory workshops.

£1.7m
funding given
so far

1,645
groups
supported

Ethical products and services

Supporting our business customers

In 2021 we've been delighted to focus on developing our suite of products and services for SME customers. We've made our business accounts more accessible by launching a business banking mobile app and we've expanded our product range with a new Business Credit Card.

As our customers have emerged from an incredibly difficult period due to the pandemic, we've been able to support those customers who took out a Bounce Back Loan by putting in place Pay As You Grow options that offer more time and flexibility to pay back these loans. Over 1,500 customers have utilised these options to help with their loan repayments.

We've launched a new Business Insurance product in partnership with AXA and a new Business Concierge package with Assurant, which offers support for businesses

with legal and HR matters and IT issues. By providing access to this wide range of expert help and support, this service will relieve some of the everyday pressures of starting or running a small business.

We identified a need to help our micro, small and medium sized business customers to get paid on time so they can survive, thrive and grow. We've therefore partnered with BankiFi to offer customers a new request to pay app called 'Incomeing'. The service uses open banking to help businesses to request customer payments through a simple app, helping them to get paid on time, boost their cash flow and reduce financial admin.

These developments are helping us to continue growing our SME customer base as we look to the future.

Supporting our communities

Our pop-up van team have been visiting town centres and events across the North West throughout 2021. As well as welcoming customers on board the van to offer advice and support on our accounts and services, the team have also been helping out in our communities. They've been spending time with local charities and community organisations and lending a helping hand wherever it's needed.

We've also been delighted to offer unused space within some of our branches to a diverse range of community organisations and charities. For example, we have a large meeting room available for free to charities and groups in Colchester. In 2021 it was used by a number of groups, including Age Concern Colchester, Refugee Action Colchester, Colchester Food Bank, and the Christian Advisory Service. It provided a space for everything from AGMs to English language classes, coffee mornings and creative therapy sessions.



Colleagues welcome a customer to our Pop Up Van

In 2021 we were approached by Leek Radio, who were looking for a location to run their community radio station from. We were delighted to be able to offer them the use of office space above our branch in Leek town centre, giving them a base at the heart of their community.

Supporting vulnerable customers

**citizens
advice**

Since **2016** we've partnered with Citizens Advice Manchester to offer a direct referral service for customers experiencing financial difficulties. In 2021, **566** customers were referred, receiving advice on everything from access to benefits and managing debt to dealing with housing issues.

Many of our customers told us they were concerned about rising energy prices in 2021. We invited Citizens Advice Manchester to talk to colleagues about the issues in the energy market and how we can help our customers save money on energy bills or access the warm home discount if they are eligible.

We've also made it easier for our customers to access support from Citizens Advice by displaying QR codes in Branches that link directly to a self-referral system.

Ethical products and services

You've helped us to raise £2m to tackle youth homelessness

We've been proud to continue our partnership with Centrepunkt, the UK's leading youth homelessness charity, in 2021. Since we started working with Centrepunkt in 2017, we've now raised **£2 million** in support of their mission to end youth homelessness by 2037.

We donate £5 to Centrepunkt for every completed mortgage and product switch through our retail and Platform brands and our colleagues took part in regular fundraising activities throughout 2021.

We're looking forward to continuing this work in 2022 and giving more young people a brighter future.

Find out how we're taking action on youth homelessness



Funding our charity customers' special projects



Twice a year we award grants of up to £1,000 from our **Customer Donation Fund** to Community Directplus account holders to support their special projects and activities. Since the scheme started in 2003, we've donated **£986,045** to **1,112** community organisations.

In 2021 we donated **£48,809** to **50** community projects across the UK. This included a donation of £1,000 to the Lebe Trust, who work with ethnic minorities to promote research and offer support to people with diabetes. The charity supports research initiatives that tackle inequalities in access to primary prevention and early detection in BAME diabetes patients.

Read about more of the projects we've supported



Everyday Rewards has raised over £1.3m 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 **£221,447** in 2021. In total, **over £1.3m** has now been donated to these charities since Everyday Rewards was launched in 2016.

Donate your Everyday Rewards to one of our charities



We support environmental projects around the world



Protecting the environment and promoting sustainable development have been central to our Ethical Policy for 30 years. We still refuse to provide banking services to businesses whose core activities

contribute to global climate change via the production or extraction of fossil fuels. We support organisations that make a positive impact on the environment and we take steps to reduce the environmental impact of our own operations too.

Like many businesses, our operations have changed as a result of the pandemic. Many more of our colleagues now work from home and we have embraced the use of technology to reduce the need for business travel. As a result, we've been able to reduce our greenhouse gas emissions by much more than we had projected. You can see the full data tables on page 4.

At the end of 2020 we set targets to reduce our Scope 1 & 2 (plus travel) carbon emissions to no more than 5,400 tCO₂e in 2021 (a reduction of 27% on our interim 2019 baseline emissions figure, which was set due to the pandemic) and to reduce our carbon intensity (the amount of carbon produced per employee) to 1.9 tCO₂e. We actually reduced our carbon emissions to 3,150 tCO₂e in 2021 (a reduction of 55% on our 2019 baseline) and reduced our carbon intensity to 1.3 tCO₂e.

While this is a fantastic achievement, we now need to understand the impact of those operational changes and how we can work towards reporting more of our Scope 3 emissions and becoming net zero.

We're beyond carbon neutral

The Co-operative Bank has been operationally '**beyond carbon neutral**' since 2007. We can make this claim

because we offset our carbon emissions, plus an additional 10% to address the impact our business activities have had in the past. Offsetting allows us to turn our emissions into carbon credits, which are used to invest in environmental projects around the world.

We will offset **1,228 tonnes** of operational greenhouse gas emissions (1,116 tonnes + 10%) for 2021, comprising our Scope 1 and 2 emissions plus business travel. We work with climate and development experts, ClimateCare, to support projects that have a positive impact on the environment and the local population and which are in line with our Ethical Policy. The offsetting for our 2020 emissions supported three amazing projects.

Gyapa efficient cook stoves – based in Ghana this project decreases the use of coal and wood by 50% and therefore reduces deforestation and heating costs. They also reduce toxic smoke and as a result, instances of respiratory disorders and associated carbon emissions with 3 million tonnes saved to date.

Bondhu Chula Stoves – based in Bangladesh where the vast majority of cooking is done on "three-stone" fires in the home. This contributes to 49,000 premature deaths a year and causes millions in the country to suffer from respiratory diseases, asthma, cardiovascular diseases and eye and skin infections. The Bondhu Chula cookstove addresses this problem thanks to its combustion chamber, which is designed to ensure fuel is burned more efficiently, reducing the release of harmful pollutants in the house.

Grid Scale Renewable Energy – cost effective, with far reaching impacts, these projects provide life changing sustainable electricity to entire regions of India, leading to the creation of more sustainable cities and communities.

Zero waste to landfill



Reducing waste, reusing materials and recycling are key to our commitment to reducing our impact on the environment. In 2020 we implemented our zero waste to landfill strategy and we have maintained our zero waste to landfill status in 2021 for operational waste across all sites where we have full control of waste management.

In 2021, colleagues from across our branches and offices recycled **70%** of waste, with the remaining 30% sent to energy recovery facilities. This is an amazing improvement on 2020, when only 41% of waste was recycled, driven by the introduction of better recycling facilities within our branches. We're incredibly proud of our colleagues for this achievement. Of course, we recognised that we can still do better and in 2022 we'll continue to promote the '3 R's' model of 'reduce, reuse and recycle', with the ultimate aim of increasing the amount of operational waste we recycle even more.



Ethical workplace and culture

Striving for gender equality within our bank



Our commitment to HM Treasury's Women in Finance Charter remained as strong in 2021 as it was in 2016 when we were one of the first banks to sign up to the charter. In 2020 we successfully reached our committed target to increase female representation in our senior leadership to **40%**. While we're proud of our success to date, there is more to do to achieve gender balance. We therefore re-committed to achieving **45%** of senior roles filled by women by the end of 2023. As we progress towards this new target our focus remains on implementing our gender diversity plan.

In 2021 we've achieved an improvement in our mean Gender Pay Gap of **25.82%** (down from 27.95% in 2020). We have however seen a deterioration in our median pay gap, now reporting at **28.72%**. The key drivers that impact

our gender pay gap, like many financial services firms, are employing more women particularly in our customer facing roles and the gender split in different disciplines and at different levels across the organisation. We're addressing these key areas through a focus on career progression and gender balance at all levels. We're confident that this focused work on gender inclusion and balance will result in the gap narrowing in the long term.

In 2021 we broadened our pay gap focus to include a review of the Ethnicity Pay Gap in our organisation. As we have only one year's data to date and are not able to show any trends, our reporting remains internal for now, but we look forward to being able to report externally on this in the future.

[Read our Women in Finance Report 2021](#)



A Real Living Wage employer

Since 2015, we have ensured all our colleagues are paid a fair wage that reflects the real cost of living by being an accredited Living Wage employer.



An inclusive employer

We promote equality of opportunity and aim to create a workforce that is representative of our society, knowing that embracing difference enhances the capability of The Co-operative Bank. To support this we remain a signatory of the Race Charter and Halo Code and are a Disability Confident certified employer.

Promoting good employment in Manchester

In 2020 we became the first financial services organisation to gain membership status of the Greater Manchester Good Employment Charter, which aims to improve employment standard across the North West. As part of our Charter commitments this year we have introduced a Menopause Policy and moved towards more flexible working arrangements for colleagues.



Our co-operative workplace

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

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.



Elevate - The Bank's gender inclusion 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 workplace and culture

Supporting our communities

It's been another challenging year for our customers and the wider community. Here are some of the ways we've made a difference:

Charity and fundraising

Our charitable donations in 2021 totalled **£1,105,583**. This includes donations to our Everyday Rewards charity partners and Centrepoint.

Within this total, **£15,736** was raised by our colleagues for Centrepoint and a further **£19,698** raised for their favourite local and national charities. The Bank donated an additional **£19,800** to these charities through our colleague match-funding scheme.

Over **£1m**

Charitable donations



Our volunteering programme

Every Co-operative Bank colleague has the opportunity to take two paid volunteering days every year. In 2021, **308** colleagues took part in the programme this year, donating a total of **1,980** hours to their local communities.

We've been especially proud to support the national COVID-19 vaccination programme, with colleagues stepping up to train as vaccinators with St John Ambulance and serving as stewards at vaccinations sites with the Royal Voluntary Service. We were even able to allow the NHS to use one of our office car parks for a mobile COVID testing unit throughout the pandemic.

In 2022, as part of our 150 year anniversary, we're aiming to collectively spend at least 150 hours volunteering every month.

Supporting Manchester Pride

We showed our support for LGBTQ+ equality by supporting Manchester Pride for the fifth year running. While the parade was not able to take place this year due to Covid, colleagues took part in Equality Marches throughout the weekend.



Champions for digital inclusion



Our Digital Bees are colleagues from across the Bank who are committed to bringing digital inclusion to more customers and communities in Manchester and the North West.

In October the Bees joined up with Stockport Council's DigiKnow group to support Get Online Week, an annual digital inclusion campaign organised by the Good Things Foundation. The campaign aims to help the 13 million people across the UK who lack the digital skills they need for work and social interaction by hosting thousands of local events nationwide with hundreds of community organisations. The Bees provided advice and information on staying safe online and dealing with Fraud.

The Bees have also supported careers events at schools and colleges across the North West, providing advice on careers in digital, and they shared the Digital Bees concept with the team at Monzo Bank to help them to set up their own network. We were delighted that the Digital Bees were the winners of the 'Commitment to the Community' award at the Better Society Awards in December, in recognition of their support for our local communities.

Ethical campaigning

£2m raised to help end youth homelessness



At the start of 2021 Centrepoint set out their new strategy, through which they are aiming to end youth homelessness by 2037. Their vision is that no child born in the UK in 2021 will be unable to access safe accommodation when they reach the age of 16. We were delighted to reach the milestone of £2m raised in support of this ambitious vision since the start of our partnership five years ago.

We've been supporting the Centrepoint Helpline since 2017 by making a donation every time a customer takes out or renews one of our mortgage products. Our colleagues take part in fundraising activities throughout the year, raising thousands of pounds to help the charity provide vital services to homeless young people, including safe accommodation, access to training and help with life skills. They've also been sharing their professional skills to help the team at Centrepoint develop their services and embrace new ways of working.

We're especially proud to support Centrepoint's work in our home city of Manchester, where we've helped to create a safe space for the city's most vulnerable rough sleepers, and where 1,880 16-24 year olds faced homelessness in 2020. We're looking forward to working with Centrepoint in 2022 to help young people to develop their money confidence and take steps towards independent living.

Sharing our skills

Throughout 2021 there have been some great opportunities for our colleagues to share their professional skills with the team at Centrepoint. We've worked together on a variety of projects across IT, marketing and staff training and development. We're looking forward to continuing this work in 2022 and finding new opportunities to work together in the future.

We were also delighted to be invited to help the team at Centrepoint Sunderland decorate their communal areas for Christmas.

In 2022 we'll be launching local drop in sessions for Centrepoint young people to help them with everything from budgeting to filling in a job application.



Seyi Obakin OBE,
Chief Executive, Centrepoint

Stay Active raises £10,000



Colleagues across the country stepped up to the Stay Active challenge of getting active to raise money for Centrepoint during October. While some people chose to take part in organised events including the Great Manchester Run, others opted for a personal steps challenge, a penalty shoot out or a team walking tour.

Between them, our colleagues raised over £5,000, which was matched funded by the Bank to double their efforts up to £10,000. Thank you to all our colleagues for getting involved and making a difference for homeless young people.

"It is with great pleasure that I have watched our partnership grow over the past 5 years. The passion and determination of The Co-operative Bank has enabled Centrepoint to develop, adapt, refine and transform our first class services for homeless young people. A fantastic £2m has been raised for Centrepoint services; staff have supported our work through a range of impressive fundraising activities, and shared their skills and expertise with us. And together we are changing young people's lives for the better."

Ethical campaigning

Raising awareness of economic abuse

In 2020 we were proud to launch our K(no)w economic abuse campaign in partnership with domestic abuse charity, Refuge. The campaign shone a spotlight on the impacts of economic abuse in the UK in 2020.

Following on from this, we worked with Refuge to develop a 'five point plan of action' to increase the support available for those who are experiencing or have experienced economic abuse in the past, and to help prevent economic abuse from happening. The plan called on the banking industry and credit reference agencies to become more involved in supporting survivors of economic abuse and earlier this year the 'Commission on Online Banking' was set up to do just that.

The newly launched Commission, chaired by The Co-operative Bank and Refuge, will conduct a collaborative, cross-sector review of online banking practices in order to identify current good practice and where improvements might be made to better protect those experiencing economic abuse. The group will work to review and discuss the impact of online and digital banking on survivors of economic abuse and to collectively produce recommendations for tools and services that better protect and empower survivors.

We are delighted to co-chair the commission alongside Refuge and look forward to continuing our mission to understand the extent of economic abuse across the country, amplify the experiences of survivors and drive further positive change across the banking and debt industries, Government, and the public sector.



Economic abuse - the numbers

24% of survivors said current online banking systems made them more vulnerable to perpetrators.

1 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.

However, **15% of survivors** thought that online banking had helped them escape their abusive partner.

Running for Refuge

In February colleagues took on the challenge to run **100 miles** for Refuge during the month. As well as a great way to beat off the winter blues, **colleagues raised £2,580** to support victims and survivors of domestic abuse.

This was followed by the amazing effort from one of our Finance colleagues who took in the London Marathon for Refuge, **raising £2,351**.



**For women and children.
Against domestic violence.**



Ruth Davison,
Chief Executive, Refuge

“Our work with The Co-operative Bank is so important to us at Refuge. Together, we have been able to significantly raise the profile of, and ensure more and more women are able to recognise the signs of, economic abuse, and access support.

Our work with The Co-operative Bank has also helped to shape the way the finance and banking sector responds to economic abuse and ensure that it better protects women.

Refuge works with women every day who have experienced economic abuse, which can be anything from partners or ex partners running up huge debts or hire purchase products in their name without their knowledge or consent, to restricting women's access to cash, to controlling their bank account. It is vital that the banking and finance sector is able to deal with this form of abuse, and Refuge is incredibly grateful to The Co-operative Bank for leading this work, helping protect women and girls, and ensure they can access support.”

Ethical campaigning

Standing up for human rights with Amnesty International UK

Our long-standing partnership with Amnesty International UK (AIUK) is based on a shared commitment with the Bank and our customers to promote human rights and equality.

Colleagues and customers support human rights defenders

As the first corporate organisation to establish a recognised Colleague Amnesty Group, our colleagues lead our support for key Amnesty campaigns, including marking International Human Rights Day, Write for Rights and Football Welcomes.

During 2021, in response to the unfolding humanitarian crisis in Afghanistan, we were proud to stand alongside AIUK in their campaign to protect Afghan human rights defenders and to ask our customers to join us in raising much needed funds. Thank you to all of our customers who responded to our campaign, raising **£2,000** which the Bank was delighted to matchfund.

In April we were delighted to support Amnesty International UK's **Football Welcomes** initiative which raises vital funds while highlighting the important role football plays in creating welcoming communities. This

annual campaign celebrates the contribution players with a refugee background bring to the game, and the role football has in bringing people together; welcoming people who have fled conflict and persecution and are rebuilding their lives here in the UK. Colleagues **raised over £1,000** through a host of activities including a quiz, a keepy-uppy challenge and even a football match. The money we've raised will help refugees to make new friends and connections in their community, learn English and take part in sports and training to support their mental and physical health.

We were also delighted to once again support Amnesty International's annual letter-writing campaign, **Write for Rights**, in December, promoting the campaign to colleagues and customers, who joined us in sending hundreds of messages of support, coming together to protect the rights of others.

Helping young people to Rise Up



Since 2019 we have been helping to develop the next generation of human rights defenders. With our support,

Amnesty International UK launched Rise Up, a fully funded, year-long youth training programme that empowers young people across the UK to create change in their communities.

Whether it's specialising in advocacy, work in the media, communication or leadership, Rise Up offers training to a

group of young people; each with different backgrounds, experiences and goals. It equips them with the tools and skills they'll need to become effective human rights campaigners and change-makers of the future.

We were delighted to host the programme participants at our offices in Manchester for their October session, where we witnessed first hand their passion to make the world a better and fairer place. We're excited to follow their journey as the new generation of human rights activists in the years to come.



Sacha Deshmukh
Interim Chief Executive Officer,
Amnesty International UK

"In 2021 Amnesty was actively supporting human rights at a time of extraordinary pressure. Human rights defenders have more than ever needed true allies. The Co-operative Bank has been a long-term supporter of Amnesty International, both in terms of financial support but also through the passion and dedication of many Co-operative Bank colleagues and customers who support Amnesty by personally campaigning on human rights in their own local communities. Your continued support in 2021 has been fundamental to our ability to campaign and fight against abuses on the frontline in countries around the world and here at home in the UK too."

Ethical campaigning

Backing the Bill: Our support for the Zero Hour campaign

Being able to use our voice, and the voices of our customers, colleagues, and partners, to make a positive impact on the world is a privilege that we don't take lightly. We're committed to doing our bit to drive the action we need from other banks, the business community and from the Government to protect our planet. That's why we're proud to be an ambassador of Zero Hour, the campaign for the Climate and Ecological Emergency (CEE) Bill.

Protecting the environment is really important to us, our customers and colleagues, which is why we've been operationally beyond carbon neutral for over 10 years, send zero waste to landfill and refuse banking services to businesses involved in exploiting the world's natural resources. Back in 2006 our customers joined us in 'The Big Ask', a campaign led by Friends of the Earth for the Climate Change Bill. That Bill went on to become the Climate Change Act 2008. Unfortunately, the

environmental protections provided by the Act are no longer fit for purpose, as the planet and our ecology face growing challenges caused by the climate nature emergency. It's time for new legislation that will reverse the climate and ecological breakdown we're facing and require the UK to take responsibility for its fair share of greenhouse gas emissions, to actively restore biodiverse habitats, and to stop damaging our natural world through the production, transportation and disposal of the goods we consume. The CEE Bill has been drafted by scientists, legal experts, ecological economists and environmentalists to do just that.

We encourage all our customers to join us in making your voices heard by backing the CEE Bill.



Taking the Zero Hour campaign to No. 10

On 21 October 2021, ahead of the COP26 summit in Glasgow, our CEO, Nick Slape, joined environmentalists, climate and ecological scientists and MPs to present an open letter addressed to the UK Prime Minister, Boris Johnson at 10 Downing Street. This letter called on the UK Government to take decisive action and push for three key outcomes from the COP26 Summit.

In 2022 we'll be asking our customers to join us in calling for a renewed focus on protecting biodiversity, as the 15th UN Convention on Biological Diversity (COP15) takes place 2022 in Kunming, China.



Amy McDonnell

Zero Hour Campaign Coordinator

"We are so proud to be partnering with The Co-operative Bank. The Bank's commitment to tackling the climate and nature emergency is exemplary. Their support is helping us to raise awareness about the need for much stronger legislation and policies on climate and nature, if we are to limit temperatures to 1.5 degrees centigrade and prevent destruction of the natural systems that support all life on earth."

Assurance Statement - SGS



ASSURANCE STATEMENT

SGS UNITED KINGDOM LTD'S ASSURANCE OPINION ON SELECTED SUSTAINABILITY KPIs IN THE CO-OPERATIVE BANK PLC SUSTAINABILITY REPORT 2021

NATURE, SCOPE AND PURPOSE OF THE ASSURANCE

SGS United Kingdom Ltd 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 2021 ('the Report'), and provide commentary on materiality, inclusivity and responsiveness of the Bank's overall sustainability approach.

The scope of the assurance included FY2021 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 cooperative, 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
- # businesses customers declined banking services
- Current account Net Promoter Score (%)
- Ethical Perception Score
- Gender pay gap (mean & median) (%)

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 normalize figures.

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.

LEVEL OF ASSURANCE

The Report has been assured 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 above using SGS Sustainability Report Assurance protocols, including the Global Reporting Initiative (GRI) Principles of for Report Content and Quality to enable robust evaluation of data subject to verification

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 ISO14064-3:2006 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

Assurance Statement - SGS

- *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

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 KPIs, including emission information.

STATEMENT OF RESPONSIBILITIES, INDEPENDENCE AND COMPETENCE

The information in the Report and its presentation, including the underlying systems, procedures and records, are the responsibility of the directors and the management of The Co-operative Bank. SGS United Kingdom Ltd 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 data within the scope of verification with the intention to inform The Co-operative Bank's stakeholders.

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 United Kingdom Ltd affirm our independence from The Co-operative Bank, being free from bias and conflicts of interest with the organization, 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](#).

ASSURANCE OPINION AND CONCLUSION

On the basis of the methodology described and the verification work performed, SGS concludes with limited assurance that there is no evidence that causes us to believe that the KPI data within the scope of our verification as reported by The Co-operative Bank in the Report is not, in all material respects, fairly stated, is not a fair representation of data and information, and is not prepared following the requirements of the GRI Report Quality principles of transparency accuracy, consistency, relevance and completeness. We believe that the organization 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 period 01/01/2021 – 31/12/2021 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 01/01/2021 – 31/12/2021 disclosing gross emissions of 3,150 metric tonnes of CO₂ equivalent (Location-Based) and 1,089 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): 969 tCO₂e

Scope 2 – Location based (Indirect): 2,181 tCO₂e

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Scope 2 – Market-based (Indirect): 120 tCO₂e

COMMENTARY ON MATERIALITY, INCLUSIVITY AND RESPONSIVENESS

The Co-operative Bank's priorities are set out in the 5 pillars of its Values and Ethics Policy. This is a customer-led document that is revised approximately every 7 years. The Bank's 7-point Sustainability Strategy is based on the 5 pillars. A Board level Values and Ethics Committee provides the oversight for delivery of the strategy and the 5 pillars. There is a Non-Executive Director with responsibility for ESG matters.

The targets, KPIs and material issues covered in the 2021 report are the same as those covered in the 2020 report. Previous reports were based on the 5 pillars of the Values and Ethics policy. In 2020 additional ESG metrics were added to reflect investor requirements for information on a wider range of topics. The Bank does not use GRI or any other external reporting standard to determine what issues to report on or to select KPIs or reporting processes.

There is a clear link between the Values and Ethics policy, the strategy and the issues that are reported, but as the need to add new issues in 2020 shows, the current version is in need of updating to reflect new priorities and challenges. In 2021 a consultation was carried out to review the pillars and identify new priorities. Customers have been involved in the co-creation of the new policy and strategy, to help delve more into the issues to shape the policy.

Overall, the Co-operative Bank provides a good example of integrating a shared set of values and ethics into sustainability approach and reporting, co-created with customers and other stakeholders. There is a need to refresh this approach more regularly to reflect changing priorities of customers and investors. We also recommend that in designing its 2022 report the Bank takes the opportunity to review report content – including KPIs – against sustainability reporting standards.

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

- In general, the systems for collecting and reporting data are mature and well-managed and embedded in the business.
- Value and Ethics are written into the Articles of the Bank, are customer-led, and form the basis of its Sustainability approach. 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 GHG 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

- Review report content and KPIs to align with the new Values and Ethics policy. Include information in the 2022 report on how new content and/or KPIs were selected.
- Refer to internationally accepted reporting guidelines such as GRI, SASB and AA1000 to identify KPIs and reporting principles, to enable consistency with others in the sector, enabling stakeholders to compare performance.
- Consider more frequent review of material issues, to ensure the Bank is addressing the issues that are of core concern to customers and key stakeholders
- Improve central KPI management and tracking, through a central KPI data collection tool or spreadsheet, which contains information on the relevant data source, owner and calculations required for all KPIs.
- Publish a Basis of Reporting document in line with best reporting practice, to help external stakeholders better understand the scope and definitions of KPIs.
- It is highly recommended to prepare and maintain Information Management Procedure issued specifically for GHG accounting and reporting process. This will ensure robust quality control of collected activity data and accounted emissions.
- We recommend that for future waste management reporting the Bank extend the scope of the report and coverage of the zero waste to landfill target and ambition to all sites where it operates even when landlords control waste management.
- Expand the scope of assurance to include all KPIs.

Assurance Statement - SGS

Signed:



H.Crick
Knowledge Business Manager

For and on behalf of: SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN, UK

Date: 21st February 2022

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 it's the Co-operative Bank.

Find out more:

Thank you for reading our Sustainability Report 2021. 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:

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 The Cooperative Bank

 @thecooperativebank

 The Co-operative Bank plc

Visit our website:
co-operativebank.co.uk



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Information correct as at 02/2022