



The Co-operative Bank

Environmental, Social and Governance
Business Approach 2021

Introduction and foreword

Nick Slape, Chief Executive Officer

The Co-operative Bank was formed in 1872 as the Loans and Deposits department of the Co-operative Wholesale Society. Nearly 150 years later, as environmental, social and governance issues have become increasingly important to consumers, investors, and other stakeholders, our ambition to take a leading position on these issues remains as strong as ever. Our customer-led Ethical Policy is one of the main reasons our customers choose to bank with us. As CEO, I am determined that The Co-operative Bank retains its position as the UK's leading ethical bank.

Our 2020 Sustainability Report highlights our commitment to protecting the environment, making a positive difference to society and reflecting co-operative values and ethics in everything we do. As we look towards 2022 and our 150th year, we are committed to:

Building a greener future for young people: Maintaining the 'better than carbon neutral' position we have held for over 10 years and supporting small businesses to promote a healthy environment.

Co-operation for the nation: Supporting the co-operative sector and creating opportunities for our customers, colleagues and charity partners to bring about meaningful social change.

Inspiring others: Developing a target-driven sustainability strategy with co-operative values and ethics at its heart and linking part of executive pay to the achievement of our environmental, social and governance targets.

Whilst the last couple of years will be remembered as one of the most challenging years in recent times, I'm incredibly proud of how Co-operative Bank colleagues, customers and communities pulled together to help one another. I also remain proud of our unique values and ethics and that we remain the only UK bank with a customer-led Ethical Policy. This, and the co-operative values we share with our customers and communities remain at the heart of everything we do.

Nick Slape
Chief Executive Officer



Nick Slape
Chief Executive Officer

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About The Co-operative Bank

The Original Ethical Bank

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

The Co-operative Bank at a glance

The Original Ethical Bank

The Original Ethical Bank

The Co-operative Bank's story began in 1872, as the Loans and Deposits department of Co-operative Wholesale Society, and we have worked hard ever since to provide our customers with a real alternative to the larger retail banks. 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.

The Co-operative Bank was the first UK high street bank to introduce a customer-led Ethical Policy which sets out the way we do business. This policy has been shaped by over 320,000 customer responses since 1992. We've always believed that doing good and doing good business should go together, which is why we've had a customer-led Ethical Policy for almost 30 years. Putting our customers values at the heart of what we do and campaigning for what they think is right.

We believe it's important that we combine our efforts to make the changes we believe are right. Our customers know their money will be kept safe and not be used in a way that conflicts with their values and ethics. So when our customers tell us they don't want us to provide banking services to organisations involved in the arms trade or to those involved in animal testing for cosmetic purposes, we don't.

We offer high street, telephony and online services, including current accounts, savings, mortgages, personal loans and credit cards to retail customers and offer banking services for small and medium sized businesses, charities, social enterprises and co-operatives including current accounts, savings, loans, overdrafts and credit cards.

The Co-operative Bank at a glance

Our co-operative values

We are a bank built on co-operative values

The Co-operative Bank was born from the co-operative movement over 145 years ago. The co-operative values on which the movement was founded are still important to us today; they are more than the foundations of the bank, they are what bring us together – colleagues, customers, the businesses who bank with us, the charities we support and the issues we stand for.

We operate under the co-operative values and co-operative ethical values of the co-operative movement. These values also form the basis of our colleague values, which guide how we work. Continuing to demonstrate how these values guide us is what enables us to continue to use our co-operative name. We measure and report on this on a quarterly basis to Co-operatives UK. The ability to use the brand is primarily driven by our alignment to the values, and how we consequently operate, rather than our ownership structure.



Sustainability

Our Values and Ethics in Action

Sustainability Report 2020

Our Values and Ethics in Action

Our Sustainability Report 2020 brings together our Environmental, Social and Governance reporting with our annual report for customers on how we have upheld the commitments in our customer-led Ethical Policy over the last year.

Read our Sustainability Report 2020

Our Values and Ethics in Action

Sustainability Report 2020

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

WE'RE CONTINUING TO



SUPPORT CO-OPERATIVES WITH A TOTAL £1.7M INVESTMENT IN THE HIVE SINCE 2016

WE'VE ACHIEVED ZERO WASTE TO LANDFILL



WE'VE CONTINUED TO DECLINE



BUSINESSES BANKING SERVICES DUE TO CONFLICTS WITH OUR ETHICAL POLICY

WE'VE RAISED AWARENESS OF ECONOMIC ABUSE IN PARTNERSHIP WITH REFUGEE



Environmental and Governance Report

meant that business travel was minimal this year. Having achieved a 47% decrease in our greenhouse gas emissions in 2020, we are targeting a 27% reduction on our 2019 baseline over 2021.

PVC-free credit and debit cards

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

Carbon offsetting - beyond carbon neutral

Source of emissions	tCO2e
Fuel combustion	845
Electricity consumption (where unable to verify renewable source)*	181
Refrigerant leakages ³	230
Business travel	100
TOTAL to offset for carbon neutral	1,356
Plus 10% for past activity	135.6
Beyond carbon neutral offset	1,492

* Renewable energy is zero rated for carbon offsetting and therefore all electricity purchased directly by The Co-operative Bank is excluded from the calculation. Electricity used in buildings where the supply is paid for by a landlord is included here as we are unable to guarantee that it is sourced from a renewable energy supply.

energy sector	investment
Total paper usage (reams)	4,000 1,973 20,246 23,306
% energy sourced from renewables ⁵	100% 100% 100% 100%

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, therefore the annual GHG emissions associated with electricity usage are significantly lower than stated.

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. All electricity sourced directly by The Co-operative Bank is from renewable sources.

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Our sustainability agenda

2021 ESG commitments

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. Our Ethical Policy has been shaped by customers for over 25 years, and it inspires us to make a difference to the environment and the communities in which we live and work.

In 2021 we are committed to:



Governing our sustainability agenda

Values and Ethics are written into our Articles of Association

In November 2014 we wrote the co-operative values and ethical policies into The Co-operative Bank's Articles of Association, **ensuring they are a permanent and important element of our business governance.**

Without values and ethics we could become just like any other bank and our customers have told us that's not what they want – values and ethics are some of the main reasons why many of our customers choose to bank with us. So, as well as embedding values and ethics into our Articles of Association, we also created the Values and Ethics Committee, a Board Committee with an independent chair, Sue Harris, to ensure values and ethics remain at the heart of the Bank.

The purpose of the Values and Ethics Committee is to oversee the adoption of co-operative values and ethics within the organisation and to report at least annually to the board on the Bank's compliance with its statement to Cooperatives UK.

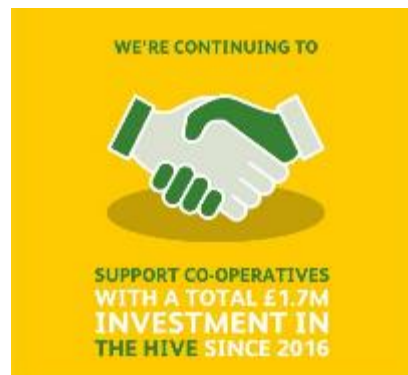
Read the Values and Ethics
Committee Terms of Reference



Sue Harris
Chair, Values and Ethics Committee

Our Values and Ethics in action

Our 2020 highlights



Our Values and Ethics in action

Ethical banking

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

We implement a robust screening process to ensure that every new application for business banking services is screened against our customer-led Ethical Policy.

Customers who bank with us want to understand how their money will be used. Our customers' money will not be put to use in a way that conflicts with our values and ethics.

They also want to know that we strive to provide banking services to businesses and organisations that share our values and ethics. Support will be given to such organisations provided they meet criteria regarding risk and return.

Our ethical banking commitments cover:

- Promoting human rights and equality.
- Promoting economic development in Britain.
- Protecting the environment.
- Supporting international development.
- Protecting animal welfare.

See Sustainability Report
2020 page 12



Our Values and Ethics in action

Ethical products and services

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

Being a responsible bank is about more than who we provide banking services to. It's about actively supporting businesses and organisations that are in tune with our values and ethics and those of our customers. It's about designing products and services that reflect our values and ethics and in the way we treat our customers.

The Co-operative Bank therefore seeks to provide products and services that reflect the values and ethics that we and our customers believe in.

Our ethical products and services commitments are:

- To be a responsible bank that treats customers fairly.
- To promote economic and social development in Britain.
- To protect the environment.
- To support international development.
- To protect animal welfare.

See Sustainability Report
2020 pages 13-14



Our Values and Ethics in action

Ethical products and services

We take an ethical approach to Banking and are the only high street bank in the UK with a customer-led ethical policy. We offer a range of products and services.

Personal Banking

- **Cash-minder accounts** - We offer a basic bank account to support people who may not qualify for a standard Bank account ensuring everyone has access to banking.
- **Student accounts** - Our student account offers an interest free overdraft limit.
- **Everyday Rewards** - Our Everyday reward current account rewards customers up to £5 each month for banking with us. Customers can choose if this money is paid into their account or donated to one of five leading UK charities through our Everyday Rewards Current Account. Since 2016 our customers have donated over £1m to our Everyday Rewards charities.
- **Prisoner accounts** - We offer a basic bank account to prisoners close to their release date. This supports in helping ex prisoners get access to employment, housing and improving their overall self esteem.
- **Mortgage Applications** - For every new mortgage or product switch application completed, we donate £5 to youth homelessness charity Centrepont.
- **Youth Account** - We offer a Future Fund account for children under 18. Children between the ages of 7-18 can solely operate this account .

Business Banking

We provide practical support by offering banking services (and helpful funding) to support co-operatives, community businesses and charities.

- **Community Directplus** - An account that gives registered charities, community interest companies and credit unions an ethical way to bank for free.
- **Customer Donation Fund** - For every £100 increase across collective balances held in Community Directplus accounts the Bank adds 20p to the Customer Donation Fund, with a minimum of £5000 being awarded twice a year. These donations go towards supporting community organisation and community projects. During the pandemic we awarded all applications for the fund to ensure we could help communities at a grass roots level.
- **The Hive** - We've committed £1.7 million of funding to support growth in the co-operative sector. So far this investment has helped around 600 co-operatives and groups with expert business advice, workshops, training and mentoring.

Our Values and Ethics in action

Ethical products and services

We take an ethical approach to Banking and are the only high street bank in the UK with a customer-led ethical policy.

Our credit and debit cards

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

Awards

- Moneyfacts Best Current Account Provider (2020).
- Moneyfacts Branch Network of the Year (2021 for the fourth year running).



Visit our website to find out
more about our products



Our Values and Ethics in action

Ethical products and services

Our commitment to UK Co-operatives

We support the UK's co-operative sector by offering free business banking to co-operative businesses through our Community Direct Plus Current Account.

Find out more about our Community Direct Plus account here



The Hive – support programme for co-operatives

We've also provided £1.7m of funding to The Hive. 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. Since the start of the programme to the end of 2020, 1,171 groups have benefited from technical advice, peer mentoring, training and introductory workshops.

A number of these groups went on to obtain over £6 million of community investment. Over the last 12 months we've worked with The Hive to make sure that co-operative businesses impacted by the COVID-19 pandemic have had access to free resources and guidance to help them to adapt and survive this challenging year. The Hive Assist Package, launched in response to the economic challenges, was accessed by 10 co-operative businesses.

Find out more about The Hive here



Find out more about how the Hive Assist support package



Our Values and Ethics in action

Driving fair customer outcomes

As one of our commitments in treating customers fairly, we're signed up to the Lending Standards Board's (LSB) voluntary codes of best practice.

The LSB mission

Their mission is to drive fair customer outcomes within financial services. They are independent in their approach to setting standards and oversee compliance with those standards. The Standards and Codes the Co-operative Bank has signed up are:

- **Standards of Lending Practice for personal customers:**

The Standards of Lending Practice for personal customers set out standards of good practice in relation to overdraft, credit card, chargecard and unsecured loan products, and how these services are provided to consumers.

- **Standards of Lending Practice for business customers:**

The Standards of Lending Practice for business customers provide protections for SMEs with a consolidated turnover of up to £25 million across loan, commercial mortgage, overdraft and credit card products. The outcomes focussed Standards apply across digital, branch and telephony networks used to deliver products and services to SMEs.

- **Contingent Reimbursement Model Code (CRM Code) for Authorised Push Payment (APP) Scams:**

The CRM Code sets out consumer protection standards to reduce APP scams, which occur when customers are tricked into authorising a payment to an account they believe belongs to a legitimate payee.

- **Access to Banking Standard:**

The Standard is designed to ensure that customers affected by branch closures receive sufficient communication and clarity on the reasons for the closure and adequate support in accessing alternative banking services.

Find out more about LSB
here



Our Values and Ethics in action

Ethical products and services to support our customers

Specialist Financial Support

Any customer who is experiencing financial difficulties, we ask to get in touch as soon as possible by calling us to ensure the customer receives the specialised support and advice they require from the right team. Alternatively customers can send a secure message once logged into online banking 24/7.

Accessibility services

For visually impaired customers we ensure correspondence, statements, PIN advice and brochures are available in large print, Braille and audio. Our website also adheres to WCAG AA standards where possible, and before any page goes live we use automated testing, expert reviews and direct feedback from our users.

Partnership with Citizens Advice

The Co-operative Bank and Citizens Advice Manchester have developed a referral programme for customers who are experiencing difficulties. The programme provides access to a dedicated adviser who completes a holistic assessment to understand the customer's issues. The adviser provides immediate advice and support, and can refer customers with more complex issues to their local Citizens Advice.

Step Change

We work closely with StepChange, a debt charity who offer confidential, free, impartial and independent debt advice. We have a direct line to StepChange, meaning we can refer our customers straight to them, getting them the help and support they need.

Money management

We want to help our customers when they needed us the most, from the big decisions in life to everyday financial hints and tips. Helping us to support them throughout the pandemic and beyond. That's why we've created online money management content, which focuses on money management and financial life stages; offering advice and support should ever they need it.



Find out more about how we support our customers here



Our Values and Ethics in action

Ethical business

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

Our Ethical Policy is about the banking services we provide, who we provide services to and the products and services we offer.

It's also about how we operate as a business, through our partnerships with suppliers, through our external relationships, through the way we manage our impact on the economy, society and the environment, and in how we consider values and ethics in what we do.

Our ethical banking commitments cover:

- Operating with honesty and transparency.
- Ethical governance.
- Environmental impacts.
- Ethical supplier relationships.

See Sustainability Report
2020 page 15



Our Values and Ethics in action

Ethical campaigning

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

The Co-operative Bank believes that operating with values and ethics must go beyond simply ensuring we are ethical in how we behave as a business. We also have a duty to use our voice to stand up for causes in line with our values and ethics.

We commit to campaigns based on the following principles:

- The causes we support must be in line with our values and ethics.
- The causes we support must be strengthened by the expertise we can bring as a bank.
- The causes we support must be underserved and represent genuine needs that others have neglected and where our support can therefore make a major impact.
- The impact we can make will be more powerful if we focus our resources rather than backing multiplicity.
- The causes we support will be politically neutral.

See Sustainability Report
2020 pages 18-20



Our Values and Ethics in action

A history of our Ethical campaigning

1992: First Customer Led Ethical Policy
Oppressive Regimes



<https://youtu.be/6HCeJJA0jnY>
<https://youtu.be/YBZ34iQM3-Y>

1995: Fairtrade vending machines
in head office buildings



<https://youtu.be/PyTNN3bN23g>

1996: Landmine Advert



<https://youtu.be/J3xdq5miyFE>

1997: Wanker Advert
about disability rights



<https://youtu.be/6IJZ2PyxTKA>

1998: Ethical Policy



1998: Ethical Policy updated to
withdraw finance from any
business whose core activity
contributed to fossil fuel
extraction

2002: Cluster Munitions
Campaign



2003: Opposing Anti-gay
hate speech



2007: "Burma – We're
still watching" campaign



2008: Campaign to stop
Tar Sands

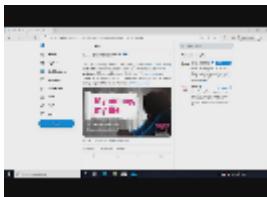


2014: Brand relaunch



[Click here to watch](#)

2016: My money, my
Life



<https://youtu.be/1opXSBiGDN8>

2019: Guardian advert against
fossil fuel funding



Pictured in situ in the Guardian Newspaper

2019: Manchester Pride
Sponsor



Manchester Pride Facebook
Album

2019: Climate Strike



Climate Strike Facebook Post

2019: Amnesty International
Write for Rights campaign



Write for Rights Facebook Post

Our Values and Ethics in action

Driving positive social change

The Co-operative Bank, our colleagues and customers are committed to driving social change in line with our values and ethics.

We do this by:

- Supporting UK co-operatives by funding The Hive, a business development programme for co-operatives, and by providing free banking services for UK co-operatives.
- Supporting the third sector by providing free banking to charities, social enterprises and credit unions.
- Working to end youth homelessness through our partnership with Centrepoin.
- Supporting survivors of economic abuse and driving positive change for victims within the financial services industry in partnership with Refuge.
- Defending human rights in partnership with Amnesty International UK and supporting the activities of our colleague Amnesty Group.
- Supporting our colleagues volunteering and fundraising activities through our employer supported volunteering programme and match-funding programme.
- Ensuring access to basic bank accounts for under-served members of the community, including prisoner bank accounts and facilitating access to banking for homeless people.

Read our Sustainability Report
2020



Our Values and Ethics in action

Our commitment to protecting the environment

The Co-operative Bank, our colleagues and customers are committed to protecting the environment.

We do this by:

- Supporting industry wide initiatives such as the UN Environment Programme Finance Initiative Principles for Responsible Banking.
- Joining relevant campaigns against climate change such as supporting the Climate & Ecological Emergency Bill Alliance.
- Sourcing 100 % of the electricity we buy from renewable sources.
- Taking action to reduce our environmental impact and offsetting our operational carbon emissions plus an additional 10 %. This means that The Co-operative Bank is 'beyond carbon neutral'.
- Starting our journey to embed a full circular economy within our business in 2021.
- We support environmental projects around the world through our carbon offsetting payments, in partnership with ClimateCare.
- In 2020 we achieved our ambition to send zero waste to landfill by the end of the year.
- Our current account customers have the option to donate their Everyday Rewards payments to The Woodland Trust.
- In 2020 we launched our 'pop up van', a fully electric vehicle that visits communities across the North West.
- Our colleagues regularly use their volunteering time to support local environmental projects, including beach cleans and tree planting.

Read our Sustainability Report
2020



Our Values and Ethics in action

UNEP FI membership

On 3 March 2020 The Co-operative Bank become an official signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry, developed through an innovative partnership between banks worldwide and United Nations Environment’s Finance Initiative.

Andrew Bester, Chief Executive Officer at The Co-operative Bank at the time of signing, said; “Committing to the UNEP FI Principles for Responsible Banking is something we’re proud to do. The climate crisis is an issue that needs determined action and we have a long standing commitment to tackle climate change. We know this matters to our customers and therefore it matters to us. The UNEP FI principles provide a single framework for the banking industry and we will be building on our existing sustainability commitments to embed the framework within our strategy and joining the other UNEP FI members in making a positive contribution to society.”



Principles for Responsible
Banking signatories



Our Values and Ethics in action

Carbon offsetting

We have reported greenhouse gas (GHG) emissions since 1998 and we take steps to reduce our carbon footprint as much as possible by sourcing all of our electricity from renewable suppliers and reducing our business travel but it's impossible to reduce them to zero.

We compensate for this by offsetting our residual carbon emissions, plus an additional 10 % to address the impact our business activities have had in the past. We work with climate and development experts, ClimateCare, to identify projects that have a positive impact on the environment and the local population, which is in line with our Ethical Policy

These projects generate a variety of benefits for communities around the world, supporting Sustainable Development Goals such as: Gender Equality, Good Health & Wellbeing, Climate Action, Responsible Sourcing, No Poverty, Decent Work & Economic Conditions.

In 2021 we will be supporting:

- **Gyapa efficient cook stoves** – based in Ghana this project decreases the use of coal and wood by 50 % and therefore deforestation and costs, reduces toxic smoke and in turn instances of respiratory disorders and associated carbon emissions; 3 million tonnes 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 is addressing this problem thanks to its combustion chamber which is designed to ensure a more efficiency burn of fuel, therefore reducing the release of harmful pollutants in the house.
- **Grid Scale Renewable Energy** – cost effective, with far reaching impacts these projects provide life changing and sustainable electricity to entire regions of India, leading to the creation of more sustainable cities and communities.



In 2021, we will be offsetting 1,492 tonnes of CO₂, at a cost of £7.50 per tonne at circa £11k.

ClimateCare will award us:

- A Climate Aware stamp – provided to business who have taken considerable climate action.
- An official Certificate of Offset which will state the total amount of tonnes that we have offset.

Our Values and Ethics in action

Supporting our charity partners

Ending youth homelessness with Centrepont

We believe that no young person in our society should be homeless or at risk of homelessness. That's why we've been working with Centrepont, the UK's leading youth homelessness charity, since 2017.

We donate £5 to Centrepont for every completed mortgage and product switch through our retail and Platform brands. Combined with other fundraising, including supporting CenterPoint's flagship fundraising events such as Sleep Out and STAY:UP, **we have now raised over £2 million for Centrepont** since the start of our partnership in April 2017.

Find out more in our Sustainability
Report 2020 on page 20



"There are, of course, various exciting projects we are delivering together and one truly humbling example was the bank's whole hearted support of our new challenge event STAY:UP, in which staff at every level participated, including the CEO. Just as importantly, our joint research for the event highlighted the stark reality of the impact of the pandemic on youth unemployment and how young people could be helped. It is this depth of engagement that has enabled Centrepont's partnership with The Co-operative Bank to raise more than £1.7m over the years and moves it from just another fundraising engagement to a partnership that is resolutely changing the story for so many young people. I look forward very much to working together next year to give even more young people the opportunity to change their stories for the better, once and for all."

Seyi Obakin OBE,
Chief Executive, Centrepont



Our Values and Ethics in action

Supporting our charity partners

Supporting survivors of economic and domestic abuse with Refuge

We have partnered and campaigned with national domestic abuse charity, **Refuge** since 2015. Our work with Refuge led to **the launch of an industry-wide Financial Abuse Code of Practice in 2018**, which aims to provide survivors of economic abuse with better and more consistent support from across the banking and financial sector. To date, 19 banks and building societies have signed up to the initiative.

We are proud of the changes brought about by our 'My money, my life' campaign, but we also know a lot has changed in the last five years. We therefore partnered with Refuge again to conduct a new study into the extent of economic abuse in the UK in 2020, and the impact of the coronavirus pandemic on this issue, with our **'Know Economic Abuse' campaign**. More details of this campaign are in our Sustainability Report 2020.

Find out more in our Sustainability
Report 2020 on page 19



"Refuge and The Co-operative Bank have a long history of working together to raise awareness of economic abuse, enacting meaningful change within the financial sector, and helping customers to spot the signs and access information and support. Over the past year, our partnership has helped to highlight the relationship between the pandemic and levels of economic abuse in the UK and bring greater attention to the effects that long-term debt has on survivors. We look forward to continuing our work with The Co-operative Bank, putting pressure on the government and financial sector to adopt our five-point plan for change, and ensuring better protection and support for survivors across the country."

Dr Carole Easton OBE
Interim CEO, Refuge



Our Values and Ethics in action

Supporting our charity partners

Standing up for human rights with Amnesty International UK

We have a long-standing partnership with Amnesty International UK for over 25 years, and a shared commitment to promoting human rights and equality. Our support has enabled Amnesty International UK to **launch Rise Up, a fully funded pilot youth training programme to empower young people across the UK** to create change in their communities. The programme has led to meaningful change with participants taking their first steps in launching activism campaigns.

We are proud to be the **first corporate organisation to establish a recognised Colleague Amnesty Group**, which meets on a monthly basis to drive forward key Amnesty campaigns internally including marking International Human Rights Day, Write for Rights, Pride Inside 2020 and monthly urgent actions for varying causes.

We also 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 messages of support to tackle human rights injustice across the world.

Find out more in our Sustainability Report 2020 on page 20



"The ongoing support of The Co-operative Bank has helped us to navigate a challenging 2020. With their support we've been able to keep human rights on the agenda, putting pressure on governments to protect vulnerable people and frontline workers in the UK and abroad during the Coronavirus pandemic whilst continuing to support those around the world who continue to shed a light on human rights abuses."

Kate Allen,

Director, Amnesty International UK



Our Values and Ethics in action

Supporting our charity partners

Donating over £1million to our Everyday Rewards charity partners

We launched our Everyday Rewards scheme in 2016. Opted-in customers may receive rewards each month, which they can either keep or ask us to donate to one of our five chosen charities. It's our way of saying thanks, and helping you support a cause that matters to our customers. We're delighted that The Bank has now donated **over £1 million** to our Everyday Rewards partners on our customers' behalf since 2016.

Find out more about the impact of this donation here



Our Values and Ethics in action

Living by our seven customer principles

Brand Pillars	Customer Principles	Description
Being co-operative	Involve me	<ul style="list-style-type: none">▪ Co-creation – customers feed into product development /initiatives▪ Campaign activity; Amnesty/Refuge/Centrepoint/Zero Hour campaign
	Reward my Loyalty	<ul style="list-style-type: none">▪ Based on –engagement in co-operative activities, value, tenure and cross product holdings
	Your problem is our problem	<ul style="list-style-type: none">▪ We'll always help find a solution▪ We'll proactively follow up on problems
Delivering fair and responsible banking	The bank knows me	<ul style="list-style-type: none">▪ Offer me products upfront that suit me/meet my needs
	You make it "easy for me"	<ul style="list-style-type: none">▪ Create a real time, multi channel customer view▪ Help customers through roadblocks - offer solutions to meet customer needs
Supporting community and charity	Together we "give back"	<ul style="list-style-type: none">▪ Donate to charitable causes and community initiatives that customers tell us matter to them▪ Work with customers and partners in their communities to put a spotlight on important issues▪ Link together like-minded networks of people and businesses to activate community spirit
Being a responsible, ethical business	We will operate as a business in line with our customer led Ethical Policy	<ul style="list-style-type: none">▪ Beyond carbon neutral▪ Inclusive and diverse business

Our Values and Ethics in action

Supporting our customers through Covid-19

Supporting our customers through COVID-19 was a focus for the Bank during 2020 and continues to be a focus in 2021.

- £69.5m of Coronavirus Business Interruption Loans (CBILS) and overdrafts approved and £33.5m drawn down by 31 December 2020.
- £297.5m of Bounce-Back loans approved and £253.1m drawn down by 31 December 2020.
- Focussed on our vulnerable customers through proactive contact and temporary introduction of an emergency support fund.
- Supporting our many customers who work for the NHS, donating headsets to local GPs and care packages to local hospitals.
- Delivered agile product changes, with increased flexibility on savings account withdrawals and increased contactless payment limits.
- First bank to offer £500 interest-free overdrafts during the first national lockdown.
- Our branches stayed open for 99.9 % of normal opening hours throughout 2020.



"We saw a massive drop in sales from our wholesale customers who had to close because of government restrictions in the spring of 2020. We decided to cease trading temporarily for the safety of our staff and local community and to give ourselves some breathing space whilst we collectively made some urgent decisions about our priorities and sought support from The Co-operative Bank and The Hive to help with our financial stability, modelling and restructuring. The Co-operative Bank provided us with a loan as part of the Bounce-Back loans scheme which enabled us to maintain jobs and confidently reopen, with social distancing measures in place as well as a new click and collect and home delivery service. Support from The Co-operative Bank and The Hive was a lifeline and has enabled us to continue to trade in these challenging times as well as proceed with some critical investment in equipment that we had been working towards before the pandemic hit."

Lizzie

Worker Owner at Leeds Bread Co-op

Ethical workplace

Our ethical workplace and culture

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

The Co-operative Bank is committed to creating an ethical workplace both in terms of how we treat our employees and how our employees treat our customers.

We are committed to creating an ethical workplace by:

- Advancing co-operative values by ensuring we pay and treat people who work for us in equivalent roles equally.
- Being an accredited Living Wage Employer.
- Recognising the right of our employees to join a trade union if they wish.
- Ensuring pay and rewards for senior executives at The Co-operative Bank are market-based, fair and responsible and clearly linked to individual performance including the creation of a sustainable value for all stakeholders.

The Co-operative Bank is also committed to ensuring that values and ethics are embedded in our workplace culture.

We commit to doing this by:

- Ensuring that the workplace values which govern our employees behaviour are aligned with our Ethical Policy and co-operative values.
- Including in our mandatory code of conduct a commitment to understand and uphold the co-operative values and ethics expressed in the Ethical Policy and workplace culture.
- Ensuring that all employees will receive training on values and ethics, both during their initial induction and during an annual refresher session.

See Sustainability Report
2020 pages 16-17



Building a high performance culture

Our stated purpose is to build a high-performing culture, underpinned by our values and ethics. Ensuring our people recognise the vital role they play in supporting others, driving business performance and that they have a clear understanding of the impact they've made.



- **Colleague Value Proposition** – supports **work-life balance, wellbeing** and **career development**.
- Our total reward package offers an **attractive range of benefits**, time off work options and **family friendly** policies and support.



- **Recruitment** - brand and V&E is our **Unique Selling Point** to attract, investing in early careers, **graduates and apprentices**.
- **Retention** - by providing challenging job roles that give **opportunity to flourish**



- **High-performing workforce** – We invest in **leaders** to build high performing remote teams. **Focus on results and delivery**, rather than presentism.
- **Scorecards remain integral** to all we do



- **Simplification** - deliver cloud based, mobile enabled technology to **digitise people processes**.
- + Give colleagues & leaders the tools & freedom **to do the job by self-service**.

Employer accreditations

Greater Manchester Good Employment Charter

The Bank was the first Financial Service organisation to **gain membership status of the Greater Manchester Good Employment Charter**. We have achieved membership through our *'commitment to putting good employment into action and being exemplars of employment excellence, even through these challenging times.'*

The aim of the Good Employment Charter is to improve employment standards across the North West region and contribute towards a thriving and productive economy, with members like us committed to paying the real living wage, enabling flexible working and supporting the health and wellbeing of colleagues, amongst other things.

Through our membership of the Good Employment Charter, we have an opportunity to reinforce our position as a major values and ethics led employer in the North West and demonstrate our continued commitment to our colleagues, our customers and our communities.

[View the list of Good Employment Charter members](#)



London Good Work Standard

The Bank is recognised by the Mayor of London as a **Good Work Standard employer**. This recognition demonstrates our commitment to our People. It also reflects the many ways in which we are striving for the best working conditions for our employees.

[Visit the Good Work Standard website](#)



Health and safety

At the Co-operative Bank, we believe that excellence in the management of health and safety is an essential element within our business activities. Ensuring the health, safety and wellbeing of all colleagues, customers, contractors, visitors and others who are in any way affected by the undertakings of our Bank is more important than ever in these unprecedented times and the Board of Directors and the Executive Committee are totally committed to this aim.

From a legal perspective, we are committed to ensuring that we comply with all relevant health and safety legislation. Where it is reasonably practicable to do so, we will strive to go beyond the requirements of legislation, with the aim of achieving best practice where possible. Objectives and targets will be set and reviewed at least annually to demonstrate this intention is being strived for and achieved.

We also aim to develop a culture where continuous improvement in health and safety performance is integral to all of our commercial activities. We strive to create a working environment where accidents are not expected to occur, and where health and safety and productivity are given an equal priority.

All colleagues are reminded of their personal responsibilities in respect of health and safety to themselves and others who may be affected, and the need to co-operate with the Bank. We expect all colleagues to constructively challenge unsafe behaviours when they occur. Health and safety is regarded as an integral part of every colleague's duties. An appropriate level of resources and specialist support will be maintained to enable individuals to discharge their duties properly.

Health, Safety and Physical Security



This Bank's Health and Safety Policy Statement sets out the overall vision of the Bank to meet its legal obligations by:

- Ensuring appropriate health and safety advice and guidance is provided
- Providing information and training via our e learning training programme and face to face training where required
- Consulting our colleagues on matters relating to health and safety
- Ensuring appropriate workplace facilities are in place
- Providing first aid at work
- Ensuring there is an appropriate accident, incident and near miss reporting system in place
- Preparing and providing appropriate risk assessments and understanding and acting on control measures/actions which arise

Colleague learning and mandatory training

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

Our Bank-wide induction session provides great networking opportunities and a chance to meet members of our executive team, as well as showcasing our history and heritage; values, behaviours and ethics; Bank strategy and scorecard; our union partners and our customer and colleague propositions.

The Bank also provides technical training for new and upskilling colleagues in our customer facing areas to ensure they have the right skills and knowledge to support customers and their banking needs. This is aligned to a training and competency framework to ensure that we are following regulatory and business processes and also following the principles of Treating Customer Fairly. Each induction is a minimum of 5 days and we have regular upskill activity to develop colleagues in their role.

We have a robust mandatory training programme

Robust risk and mandatory training

The Bank provides colleagues with core knowledge training which all colleagues must undertake. This training demonstrates to our regulators that as a business we have a robust framework and process in place that allows users to have a sufficient understanding around the financial sector we operate in and the principles that govern us. This is achieved through a curriculum of mandatory training modules that ensures our colleagues maintain a core knowledge and understanding that all colleagues must complete at the beginning of their employment and then on an annual basis thereafter or as required.

There are 10 modules covering key topics from Money Laundering and Fraud to Inclusion and Diversity. Annual refresher training includes our code of conduct, which defines how we behave in line with our Ethical Policy and guiding values, how we deliver the right customer outcomes and how we comply with regulatory requirements.

Internal talent development and career progression

Succession Planning

In line with regulatory requirements we have a strong succession plan for all senior roles striving for at least 2 emergency successors for every position, plus colleagues identified as 0-2 and 3-5 year successors for all. We continually evaluate and refine this plan gauging colleague readiness and implementing targeted development where required to eliminate gaps.

Talent Review

On a wider basis we frequently review talent across the Bank in our Executive led Talent review sessions. This provides an opportunity to ensure we are nurturing our internal talent pipeline, supporting colleague development and retention. The reviews are supported by robust performance management and talent review processes including mid and end of year reviews where colleagues and leaders discuss performance and aspirations including identifying opportunities for personal and career development. This process feeds into our talent cycle and supports colleagues individual development by identifying gaps in skills, knowledge or behaviours that can be supported through our internal talent and development programmes.

Future Leadership

2021 saw the launch of three new internal Leadership Development/Talent programmes:

- “NexCo” a cohort of talented individuals being developed for future ExCo level roles,
- “Accelerate” a future leaders programme providing leadership training for aspiring leaders across the Bank and our internal Leadership Development programme, designed to support existing and aspiring leaders to develop their key skills, knowledge and behaviours aligned to our Leadership Capabilities Framework.
- Our Graduate scheme continues to provide us with a strong pipeline of entry level talent. Alumni from our Graduate scheme currently occupy a number of ExCo +1 positions across the Bank, while others continue to demonstrate progression through to Senior Leadership roles. We paused our intake in 2020 due to the pandemic, but we welcomed four new Graduates to the scheme in 2021 in Risk and Finance joining 34 Graduates recruited from 2017 to 2019.



Internal talent development and career progression

Our Graduate scheme continues to provide us with a strong pipeline of entry level talent. Alumni from our Graduate scheme currently occupy a number of ExCo +1 positions across the Bank, while others continue to demonstrate progression through to Senior Leadership roles.

Our Graduates undergo a comprehensive two-year programme which provides them with a strong grounding within their specialism alongside a formal qualification via a relevant apprenticeship.



External talent identification and on-boarding

Our in-house Resourcing Team provide an expert service for the identification and on-boarding of external talent into our Bank.

A key focus for the team is attracting and retaining colleagues that reflect the values and ethics which are so important to our customer base. The interaction with the resourcing team allows external talent to see our brand in action and get a real sense of our colleague value proposition.

It's vital that we are transparent with all candidates throughout the recruitment process. For each vacancy we create a tailored recruitment strategy plan which often include the use of video adverts to help provide an authentic view of the Bank and bring to life the key deliverables of each role. Hiring managers have a huge part to play and are fully supported to ensure we deliver an inclusive candidate experience.

Throughout the last year we have created candidate support packs which have been adapted with the increase of video interviewing in mind. It's very possible that our candidates are customers so it is imperative that they receive a great experience whether they are ultimately successful in securing the role or not.

We value the diversity of ideas that come with bringing external talent into the organisation and are always looking for ways to enhance our offering. Quarterly reviews of our attraction methods, team performance and by using market insights to ensure the experience we provide is always evolving.

2021 saw the launch of our new external candidate portal linked to the Bank's website which will allow us to develop content to engage with external talent in a number of ways. This in tandem with the newly embedded recruitment system and candidate pre-employment screening/on-boarding process will revolutionise the experience that we provide.

Visit our careers portal



People metrics and colleague turnover

Our Executive Team receive monthly People Packs with an overview of key People Metrics for their areas including attrition, absence, headcount and FTE flow, performance metrics, salary metrics and structural overviews. The packs also support our management of key people risks and feed into the people sections of local and Bank-level risk forums and governance committees.

A key Bank-wide focus within our people metrics and people risk management is colleague turnover and voluntary attrition features as a measure on our Bank-wide scorecard.

Maintaining a healthy level of colleague turnover is essential to an organisation; too little and you risk stagnating, too much and you risk losing essential knowledge and skills. At The Co-operative Bank we carefully monitor our turnover levels to ensure that we strike the right balance. We also endeavour to engage with our leavers to understand their reasons for leaving to help us shape our approach to supporting and retaining colleagues across the Bank.

Whilst we do not share our attrition rates publically, our FTE can be viewed in our annual reports and accounts.

Please see our 2020 ARA
page 180



Colleague voice

Engagement

Colleagues always have an opportunity to give feedback and we are happy to listen – and act.

Leaders, our union, engagement surveys, focus sessions and our intranet (The Buzz) are just some of the ways we listen and provide updates on how colleagues are helping to shape improvements across the Bank.

Colleague Co-operative Forum

We also have a Colleague Co-operative Forum where representatives from across the organisation come together to discuss all things colleague related, offering a diverse perspective on ideas and change. These representatives lead on colleague engagement within business areas, ensuring that whilst we are all working hard we also look to maximise our colleague experience. Our union reps also join this forum as standing invitees.

Financial Services Culture Board

We participate in the annual BSB survey which provides an insight into our culture and how we compare to others in our sector. Our 2021 results demonstrate that our culture has remained stable.

Freedom of Association and Trades Union Recognition

We recognise the right of our employees to join a trades union if they wish and we work in close consultation with our recognised trade union Unite on proposals for change. We are proud to say a large proportion of colleagues at the Bank are members of our recognised union – Unite. We have a Recognition Agreement between Unite and the Bank detailing collective bargaining rights which cover the majority of colleagues at the Bank. We also work closely with the unite representatives at the Bank to proactively understand the interests and needs of members/colleagues.

Unite the Union at The Co-operative Bank

Statement from our union

With a long history in the co-operative and labour movements and with our commitment to the principles and ethics of co-operative business, Unite the Union has been long welcomed into The Co-operative Bank as a key stakeholder.

Unite believes all aspects of working life should be the subject of discussion and agreement. We meet regularly with senior management, including the CEO, to consult and negotiate on a wide range of issues and policies, and to discuss matters of concern. On a daily basis we work closely with the HR advisers and business partners to ensure our members at the Bank are treated fairly and properly whilst at work, and to get the best possible outcomes for them.

The Bank's Ethical Policy includes a statement that promises our colleagues the right to join a trade union if they wish and the relationship between Unite and the Bank is regulated by a Recognition and Facilities Agreement. This sets out how both parties operate in relation to each other, what each will provide and what each can expect. This agreement provides for the presence of union reps in the workplace, and for two senior full time reps, who are on hand to deal with more serious and involved issues.

Unite provides confidential assistance, advice and representation for members in formal meetings such as disciplinary, sickness absence, performance, grievance and appeals. All our reps receive a range of training from Unite and the senior reps also have a Diploma in Employment Law. Whilst we do have disagreements with the business on occasion, and we don't shy away from that, we're here to sort out problems, find solutions, enforce members rights, and ultimately make the Bank the best employer it can be.

Every year the union reps work on behalf of members on the annual pay negotiations. From start to finish, a full pay negotiation cycle takes approximately six months. We survey members to find out what they want, we research other pay deals across the finance sector and look at any terms and conditions changes that may need to be tabled. We then draft and agree a pay claim and request a range of data from HR so that we can assess the impact of any claim. Pay negotiations normally start once we have submitted a claim, and when they have reached a conclusion we hold a full reps meeting to decide on a recommendation. A ballot of members is then organised.

Of course, no business is static. Organisations change and evolve, and to facilitate that Unite and the Bank have negotiated an Organisation Change Agreement which lays out how changes affecting staff will be undertaken, including restructuring, redundancy terms, etc. Unite is always consulted in advance on restructures and reorganisations, so that we have a chance to understand the changes and challenge them where necessary. We then support members who are impacted, ensuring processes are followed properly, challenges investigated and redeployments offered where possible. Essentially, we do everything we can to make the process as pain free as possible for our members.

Inclusion and diversity

We are proud of our diverse colleague community and proud of our workplace culture where you are encouraged to bring your whole self to work. This tone comes from the top with our Executive Leaders committing to sponsoring our colleague networks; our Board Diversity Policy; and the key role played by our Board level Values and Ethics committee. Our SMF responsibilities map sets out that CEO, Nick Slape has overall accountability for overseeing the adoption of the Bank's culture in the day-to-day management of the Bank and Chairman, Bob Dench has the responsibility for leading the development of the firm's culture by the governing body as a whole.

Our inclusion commitments include an absolute focus on equality for all, regardless of personal demographics. We are a Disability Confident certified employer and our HMT Women in Finance and Race at Work Charter commitments underpin our gender and ethnicity focus. Our HMT Women in Finance commitments continue to feature on our Bank-wide scorecard.

Please read our colleague proposition here



Women in Finance charter commitments



We have five colleague inclusion networks, run by colleagues for colleagues, each sponsored by an Exec member, who help to drive forward our inclusion and diversity strategy.

We also run annual mandatory inclusion and diversity training to support an inclusive work environment that engages the talents, beliefs, backgrounds, capabilities and ways of working of unique individuals, creating a culture of belonging in which people are valued and respected.

Inclusion and diversity

The Halo Code

In January 2021 we became the first Bank to adopt the Halo Code, the UK's first Black hair code.

Under the code, we affirm that:

- Our workplace champions the right of staff to embrace all Afro-hairstyles. We acknowledge that Afro-textured hair is an important part of our Black employees' racial, ethnic, cultural, and religious identities, and requires specific styling for hair health and maintenance.
- We celebrate Afro-textured hair worn in all styles including, but not limited to, afros, locs, twists, braids, cornrows, fades, hair straightened through the application of heat or chemicals, weaves, wigs, headscarves, and wraps.
- We recognise and celebrate our colleagues' identities. We are a community built on an ethos of equality and respect where hair texture and style have no bearing on an employees' ability to succeed.

Please read about the
Halo Code here



Inclusion and diversity

In 2020 – a look back

- Over 100 colleagues benefitted from our Career Confidence programme aimed at helping colleagues overcome real and perceived barriers to career progression. They joined 300+ colleagues who have completed the course since its launch in 2017.
- We celebrated key inclusion events across the Bank including International Day's for Women, Men and Mental Health plus various key events from Chinese new year to cancer awareness week.
- We embedded Hirevue technology to recruit volume roles. The automated system reduces the impact of bias on hiring decisions.
- We are working towards introducing targets on representation across all levels of the Bank. We have established a working party to design a roadmap to implementing and achieving targets for higher representation across of BAME colleagues, LGBT+ colleagues and disabled colleagues.
- We embedded our partnership with Ingeus, an organisation who specialise in helping people with a health condition or disability or who have been unemployed for a long time find the right job.
- Focused on our five-point plan will continue to help further drive change and reduce the gender pay gap.

Please read about our
Gender Pay Gap [here](#)



Rewarding and recognising colleagues

Salary and Bonus

As a Real Living Wage employer, we're proud to be one of almost 7,000 UK businesses signed up to the voluntary agreement, who believe colleagues deserve a fair day's pay. It's one of the ways we live up to our ethical workplace commitments.



Please visit the Real Living Wage website



Our competitive total reward offering includes market based pay, excellent pension and car allowance (depending on grade). All colleagues also have the opportunity to take part in our bonus scheme, subject to the scheme rules applicable to a particular year.

Alongside this we run optional payroll giving schemes; one of which enables you to round down your pay to the nearest pound and donate the surplus pennies to our charity partner Centrepoin. Working together co-operatively we really can and do make a real difference.

Please visit the Pennies from Heaven website



Pension and Insurance

We offer:

- **A defined contribution pension scheme:** The Bank contributes up to 10 %.
- **Paid pre-retirement leave:** If colleagues retire at 55 years or over, they can take up to six days paid pre-retirement leave.
- **Life assurance:** In the event of a colleague's death, named dependents will receive three times salary if they are in the pension scheme; one time salary if they are not.
- **Income protection:** Provides benefits should colleagues be incapacitated and unable to carry out their role due to ill health.
- **Personal accident insurance:** Offers peace of mind in the unlikely event of a serious accident whilst at work or on company business.
- **Health care benefit:** Our business funded health care benefit gives eligible colleagues access to specialist care for acute medical conditions.

Rewarding and recognising colleagues

Leave Policies

Taking holidays is important to ensure a good work-life balance as well as supporting good mental and physical health and wellbeing. That's why our colleagues are entitled to:

- **27 days paid annual leave** (plus eight bank holidays, so 35 days). This rises to **30 days paid** annual leave (plus eight bank holidays, so 38 days) in the third year of service with us.
- **Buy additional holidays** during a November holiday buying window for the following holiday year.
- **Two paid volunteer days per year** for the opportunity to make a valuable contribution to local communities.
- **Extended leave** enables colleagues to take a mini unpaid career breaks of up to four weeks, or a full career break of between three months and one year unpaid.
- **Emergency leave** allows colleagues to take time off to deal with an immediate emergency; with half the time off paid and the other half is unpaid.
- **Compassionate leave** provides colleagues with paid time off when they suffer the loss or there is a serious illness of a dependant or close family member.

Family Support

We support flexible working arrangements to help maintain a healthy balance between career and home life. This includes working part time, reduced hours, job sharing, having different start and finishing hours and working from home. In addition, we offer colleagues:

- **Expecting or adopting:** Primary carers 16 weeks paid leave (maternity and adoption leave) and secondary carers four weeks paid leave (paternity leave).
- **Fostering:** Five days paid leave to undertake foster carer training.
- **Participating in fertility or IVF treatment:** Up to three occasions of five days paid leave in a 12 month period to support time off to undergo treatment for IVF or fertility.
- **Shared parental leave:** Up to 50 weeks' leave shared between parents.
- **Parental mentoring scheme:** To support working parents no matter what stage of the journey they are on.

Rewarding and recognising colleagues

Total reward statements

We provide each colleague with a Total Reward Statement to help colleagues understand the total values of benefits and reward is available to them. The statements will provide colleagues key aspects of the Bank's reward and benefits that have tangible value and the more detailed Colleague Value Proposition booklet. To ensure transparency for colleagues to help them understand what's available.

Additional Support

As well as the support of our leaders and inclusion and diversity networks, colleagues also have access to:

- **An employee assistance programme (EAP):** Provided by Unum Lifeworks, colleagues can access our EAP 24 hours a day, 365 days a year and talk in confidence to qualified advisers who are trained to help. Colleagues can also access resources and support via the EAP app
- **Help@Hand app:** Access to a remote GP service, mental health support consultations, physiotherapy consultations and medical second opinion consultations, for colleagues and their families.
- **My Reward discounts:** Our My Reward website and app offers discounts on a range of retailers and services, UK-wide.
- **Cycle to Work scheme:** Colleagues who cycle to work can hire a new bike and equipment up to the value of £1,000 that can be repaid through their salary.
- **Eye care vouchers:** We offer eye care vouchers to contribute towards the cost of eye tests and glasses for those who regularly use display screen equipment (DSE).
- **Season ticket loans:** We recognise the cost associated with travelling to and from work. Season Ticket Loans for the purchase of season tickets (from any travel company) for travel to and from work and employee discounts with Metrolink, Stagecoach and First Travel are made available to our colleagues to help with public transport costs. These interest free loans are recouped via pay and can be repaid over 6 or 12 pay periods.
- **Public Service Duty Leave:** we recognise the efforts of colleagues in their involvement with public duties, by providing time off work to undertake these duties. This includes paid time off for Jury Duty and two weeks paid leave of absence (pro rata for part time employees) for Military Reservists to attend annual camp, or for other authorised Military use.

Rewarding and recognising colleagues

Colleague recognition scheme

Colleague recognition schemes

Our Ethical Policy sets out our commitment to support and recognise our colleagues. We do this in a number of ways including, Bank-wide, through our People with Purpose Awards.

Our People with Purpose Awards give us the opportunity to recognise colleagues who consistently demonstrate our co-operative values and go above and beyond. Nominated by colleagues, award winners are chosen from every business area, every month and every quarter, with gifts and an annual awards event to recognise the winners.

We also set aside at least one Recognition Day a year to reflect on achievements and thank our colleagues for their commitment to our customers and each other.

Many colleagues have worked with us for many years and we have a loyalty scheme to thank them for their long service, recognising 25, 30 and 40 year service anniversaries.

Annual Report and Accounts 2020

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

Annual Report and Accounts 2020

Our Annual Report and Accounts 2020 were published on Thursday 25 February 2020.

Read our 2020 Annual Report and Accounts here



The co-operative bank
for people with purpose

2020 Annual Report and Accounts

OUR CUSTOMER AND COLLEAGUE JOURNALS TO REACH £347m

FOR CENTREPOINT 6.7 MILLION RENTED HOMES SINCE 2017

WE DONATED ALMOST £100K TO 106 LOCAL COMMUNITY PROJECTS

WE'VE ACHIEVED ZERO WASTE TO LANDFILL

WE'VE RAISED AWARENESS OF COMMUNITIES IN PARTNERSHIP WITH REFUGE

Business highlights

Highlights

Finance, despite challenging environment.
COVID-19 has been a focus for the Bank during 2020. Our results for the year ended 31 December 2019, but are in line with our adjusted expectations. We anticipate the Bank's profitability from 2021, in line with our strategic objectives, despite a challenging environment.

Trading loss ¹	Customer net interest margin	Underlying cost of income ratio	Asset quality ratio
(3.9)m	1.46%	113.8%	12bps
December 2019: 1.75m	31 December 2019: 1.75%	31 December 2019: 108.2%	31 December 2019: net release of 11bps

Trading loss is a measure of the Bank's performance, adjusted for certain expenses and is recorded in the Profit and Loss account.

Liquidity
Balance sheet and a low-risk credit profile. We successfully issued £200m RARL-qualifying debt.

Capital Ratio ²	Liquidity Coverage Ratio	Risk Weighted Assets
8.7%	193.4%	£4.7bn
December 2019: 23.8%	31 December 2019: 173.7%	31 December 2019: £4.8bn

Regulatory minimum: 100%

Through COVID-19
We have continued to access essential services and made a range of support measures available to our customers and colleagues.

Loans and credit cards	Loans and credit cards
263m	17,353
in by 6.2% since	Number of payment deferrals approved by 31 December 2020

Support measures to help customers and colleagues
We have continued to access essential services and made a range of support measures available to our customers and colleagues.

- Continued to provide product changes, with increased flexibility on savings account withdrawals and increased contactless payments.
- Continued to offer £500 interest-free overdrafts during the first national lockdown.
- Our branches stayed open for 99.5% of normal opening hours throughout 2020, and we have continued to offer our services to our customers.

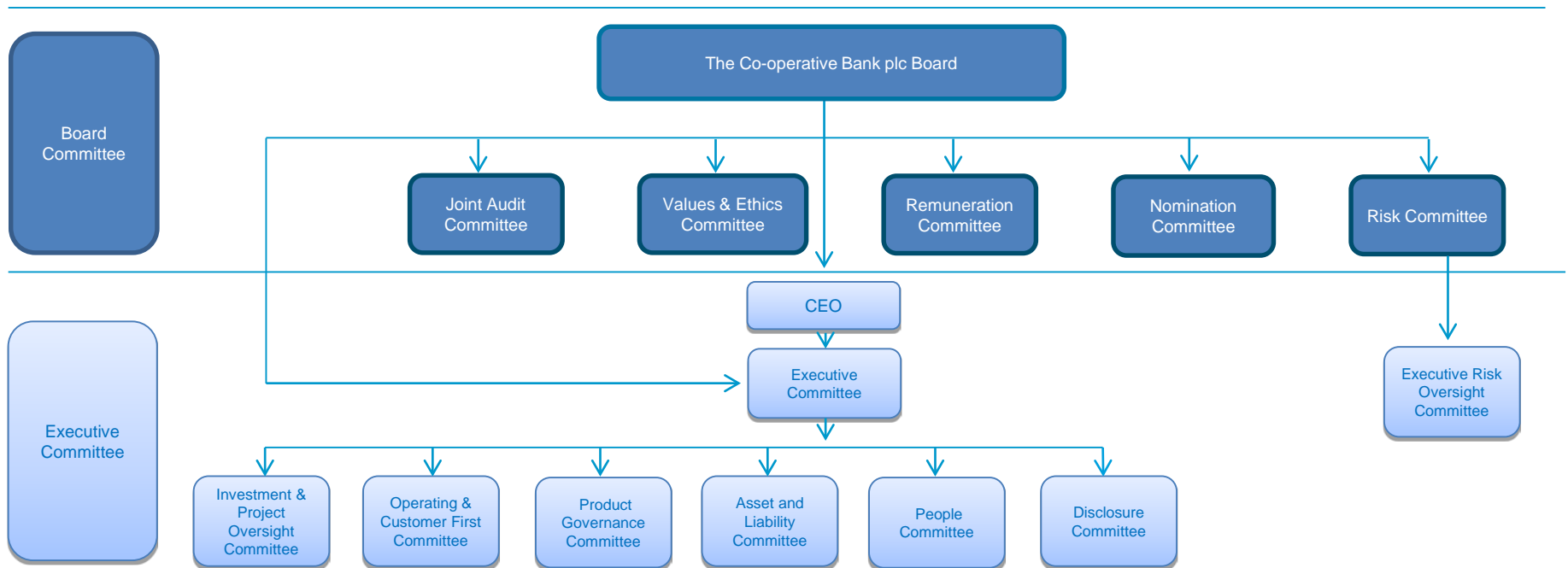
4

Our Governance

- Corporate Governance Report
- Proxy Statement
- Board Committee
- Climate Risk

Governance framework

The Co-operative Bank plc Board and Committees of the Board Structure along with the Executive Committees



For more information regarding the Bank's governance framework, please see the Corporate Governance Report in the ARA (p.44 onwards) and, regarding the Tier 3 and Tier 4 committees.

Risk Committee Structure

Committee	Risk focus
Board	The Board has collective responsibility for the long-term success of the Group and the Bank. Its role is to provide leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. It sets the values and standards and ensures the obligations to its shareholders, customers and other stakeholders are understood and met. The Board sets the strategy and approves plans presented by management for the achievement of the strategic objectives it has set. It determines the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and is responsible for ensuring maintenance of sound risk management and internal control systems.
Risk Committee (RC)	The purpose of the Committee is to review and report its conclusions to the Board on the Bank's risk appetite and propose for approval by the Board and oversee the implementation of a Risk Management Framework, taking a forward-looking perspective and anticipating changes in business conditions.
Executive Committee (ExCo)	ExCo is responsible for defining and implementing the Board-approved strategy successfully by monitoring and managing delivery against plan and applying appropriate risk management actions to emerging risks.
Asset and Liability Committee (ALCo)	ALCo is primarily responsible for overseeing the management of capital, market, earnings, liquidity and funding risks. Its responsibilities include identifying, managing and controlling the balance sheet risks in executing its chosen business strategy, ensuring the capital and liquidity position is managed in line with appropriate policies and that adequate capital is maintained at all times.
Executive Risk Oversight Committee (EROC)	EROC is responsible for oversight of the risk profile of the Bank (within the agreed Board risk appetite). The Committee reviews and challenges the risks associated with the Bank's business strategy, plans and overall management of risks. EROC achieves some of its objectives through delegating responsibility to sub-committees: OCROC, MROC, PROC and CROC. EROC will escalate, where appropriate, to the Board via the RC.
Model Risk Oversight Committee (MROC)	MROC ensures, on an ongoing basis, that the model rating systems and material models are operating effectively. This includes providing Executive level review and challenge of the model risk and the impact of model risks on the Bank's business model and strategies. MROC also provides oversight of the Bank's IRB permissions, including the exemptions where the Bank applies the Standardised Approach to calculate Pillar 1 capital requirements.
Credit Risk Oversight Committee (CROC)	CROC is responsible for monitoring significant credit risks and issues within the entire credit lifecycle, the controls and management actions being taken to mitigate them and to hold to account the Executives responsible for actions. CROC continuously reviews the credit risk strategy on an ongoing basis, making recommendations to EROC as appropriate.
Operational, Compliance & Financial Crime Risk Oversight Committee (OCROC)	OCROC is responsible for monitoring significant operational risks and issues including significant conduct, regulatory, product, reputational, fraud and AML risks and issues, the controls and management actions being taken to mitigate them and to hold to account the Executives responsible for actions. OCROC oversees the current and emerging operational risk profile, ensuring key risk exposures are managed within risk appetite and reported to EROC as appropriate, including the monitoring of adherence to the RMF alongside a process for continuous improvement.
Pension Risk Oversight Committee (PROC)	PROC is responsible for oversight of all aspects of pension arrangements which the Bank either sponsors or participates in, to ensure cost, risk, capital, investment and employee requirements are met.

Board committees

The Bank Board has established Board Committees, namely: the Joint Audit Committee, the Risk Committee, the Values and Ethics Committee, the Remuneration Committee and the Nomination Committee.

All Board Committees have terms of reference, describing the authority delegated to it by each Board. Each of these Committees has a role in ensuring the effective oversight by the Boards of the Holding Company, the Finance Company, and the Bank Company.

For more information regarding each of these Board Committees, including an annual report from the respective Chairs, please see the Corporate Governance Report in the 2020 ARA document (p.44 onwards).

Read our Corporate
Governance Report in the ARA



Governance framework

Committee	Purpose
ExCo	<p>Meetings are held weekly, chaired by the CEO with his direct reports as members (apart from the Director, Internal Audit, Treasurer and Company Secretary who are standing invitees). The CEO appoints all members. Only members and regular attendees attend meetings, unless invited by the Chair.</p> <p>The core responsibilities of the Committee include, but are not limited to, oversight and implementation of:</p> <ul style="list-style-type: none"> • Strategy, Direction and Performance of the Bank including development and maintenance of the Bank's business model; • Culture, Values and Ethics including overseeing the adoption and embedding of the Bank's culture, values and ethics statements and overseeing the implementation and periodic refresh of the Bank's Values and Ethics Policies; • Matters Reserved for the Board including identifying matters required or appropriate for escalation to the Board or appropriate Board Committee and to review and agree all submissions to the Board or Board Committees; • Customer Experience / Service including ensuring service delivery meets agreed performance levels and any exceptions are highlighted, understood and where necessary, have action plans to remediate; • Product and pricing including approval of any new products and / or significant changes to existing products or supporting processes; • Risk and Governance including monitoring the Bank's performance against risk appetite and where required approving the implementation of risk management actions where breaches have been identified or are considered likely; • Capital, Assets, Liabilities and Profitability including managing the capital and liquidity position of the Bank. Monitoring the Bank's capital, assets, liabilities and profitability performance versus forecasts and approving the implementation of mitigating or remedial actions where required. Oversight of significant financial performance issues affecting the successful delivery of the Bank's strategic objectives or plans; • Transformation and Change Delivery including monitoring significant change initiatives including major capital expenditure projects and their associated risks, breaches and proposed management actions for resolution; • Organisation and Operations including ensuring that appropriate levels of authority are delegated to senior management and overseeing breaches of operational processes; • People and Resourcing including identifying and developing strategies to effectively deal with people and resource related issues that might adversely affect the Bank's ability to achieve its strategic objectives; and • External Reporting including oversight of key materials presented to external stakeholders (including regulators) and investors. <p>Members: Nick Slape (Chair), Louise Sinnott, Gareth Jones, Darrell Evans, Maria Cearns, Catherine Douglas, Neil Camfield</p> <p>Standing invitees: Sebastian San Martin, Catherine Green and Gary McDermott</p>

Governance framework

Committee	Purpose
Asset Liability Committee	<p>ALCo is primarily responsible for overseeing the management of capital, market, earnings, liquidity and funding risks. Its responsibilities include identifying, managing and controlling the balance sheet risks in executing its chosen business strategy, ensuring that the capital and liquidity position is managed in line with policy and that adequate capital is maintained at all times.</p> <p>Members: Treasurer (Chair); Chief Executive Officer; Chief Risk Officer; Chief Administrative Officer ; Managing Director, Retail; Managing Director, SME; Managing Director, Strategy & Simplification, Chief Finance Officer (CFO)</p>
Operating & Customer First Committee	<p>Agrees and monitors operational strategies and plans; operating and financial performance; policies controls and risks; performance for customer service and operational people and resourcing matters.</p> <p>Members: Chief Administrative Officer (Chair); Chief Executive Officer; Chief Risk Officer Managing Director, Strategy & Simplification; Chief Financial Officer; Managing Director, SME; Managing Director, Retail, Director, <i>Internal Audit, E&OR Director</i></p> <p>Standing Invitee: Director of Legal</p>
Product Governance Committee	<p>Considers and agrees, in the context of the Bank's product and risk appetite, strategy and financial plan, the Bank's product, customer and channel strategies, product launches, product and tariff reviews, pricing decisions and RoE analysis.</p> <p>Members: Managing Director, Retail (Chair); Chief Administrative Officer ; Managing Director, SME; Director of Legal; <i>Head of SME, Head of IA Retail and BB and Head of Financial Insight and Reporting</i></p>
Disclosure Committee	<p>Acts to support the CEO to consider whether materials might be published against the tests of inside information, confidentiality or privilege.</p> <p>Members: Chief Executive Officer; Chief Financial Officer; Treasurer; Director of Legal</p>
People Committee	<p>Reviews remuneration matters that impact Senior Management Functions, Material Risk Takers and the Bank as a whole and discusses and reviews risk matters escalated through the Risk Adjustment Process and any other material bank wide people matters.</p> <p>Members: Chief Administrative Officer (Chair); Chief Executive Officer; Chief Financial Officer; Chief Risk Officer; Managing Director, Strategy & Simplification; Managing Director, Retail; Managing Director, SME, <i>Director, Internal Audit</i></p>
Investment and Project Oversight Committee	<p>Prioritises programmes, approves business cases and agrees programme expenditure in line with the Bank's strategic plan.</p> <p>Members: Managing Director, Strategy & Simplification (Chair), Managing Director, Retail; Chief Risk Officer; Chief Administrative Officer ; Managing Director, SME; <i>Head of Costs and Projects</i></p>

Board composition and responsibilities

Board composition

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Boards' deliberations.

Role and responsibilities of the Board of the Holding Company, the Board of the Finance Company and the Board of the Bank Company

The Boards have collective responsibility for the long-term success of the Holding Company, Finance Company and Bank Company. Their role is to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. They set the values and standards and ensure that their obligations to shareholders, customers, employees and other stakeholders are understood and met.

For more information regarding composition of the Bank's Board, including diversity and tenure, and the role of the Board, please see the Corporate Governance Report in the ARA (p.44 onwards).

Read our Corporate
Governance Report in the ARA



Board effectiveness

Performance evaluation

The Board agendas will continue to balance the need to provide oversight and governance across the business and to provide challenge where appropriate. The Bank Board and its Committees undertook an internal self-assessment during the fourth quarter of 2019 based on a questionnaire completed by each Director. The outcomes from these various reviews were considered by the Bank Board and its respective Committees in February 2020 and action was taken where appropriate. The decision has been taken to undertake these self-assessments every two or three years, with external reviews generally taking place every three years. The next external review is due to take place during 2022.

Senior Managers and Certification Regime (SMCR)

The Bank continues to deliver robust compliance with its governance over the Senior Managers and Certification Regime. Directors have been briefed extensively and received further annual training in connection with the requirements set out in the SMCR.

Conflicts of interest

Pursuant to the Companies Act 2006, the Directors have a duty to avoid situations in which they have or may have interests that conflict with those of the Bank Company, Finance Company and Holding Company unless that interest is first authorised by the other Directors. The Bank Company, Finance Company and the Holding Company's Articles of Association allow the Boards to authorise such potential conflicts and there is a procedure to deal with actual or potential conflicts. All potential conflicts approved by the Boards are recorded in the Conflicts of Interest Register which is reviewed at each Board meeting to satisfy itself that all potential conflicts are appropriately considered and have been approved.

The Boards have determined that a Director with a potential or actual conflict will not be permitted to form part of the quorum or vote upon the matter giving rise to the conflict. The Boards have put in place protocols to address potential conflicts arising from the appointment of the Non-Executive Directors who are not independent for the purposes of the Companies Act 2006. Prior to taking up any external appointment or responsibilities, Directors are asked to consult with the Company Secretary and the Chair of the Board.

Board independence

- The Board Independence information is publically disclosed in the Corporate Governance report in the ARA (page 52 of the 2020 ARA) and on the Governance page maintained by Secretariat on the Bank's public website (the Composition section).
- The Board is one-tiered with executive representation from two executive directors. The two executive directors are not independent.
- The Board consists of ten Directors, of whom eight are non-executive directors (NEDs) and two are executive directors (CEO and CFO).
- Five of the NEDs are independent (INEDs) and the NED Chair of the Board has been regarded as independent since his appointment to the Board.
- Two NEDs are B Directors (as defined in the articles of association of The Co-operative Bank Holdings Limited, the ultimate parent company) and are not considered independent.
- The ratio of Independent Directors to Non-Independent Directors is 6:4, i.e. there is a majority of independent directors (60 %).
- The B shareholders have voting rights and details of the percentage B shareholdings are publically disclosed in the ARA (page of the 2020 ARA) on the Bank's website. No one B shareholder has a controlling shareholding.

Read our Corporate
Governance Report in the ARA



Board independence

- The ultimate parent company of the Bank, The Co-operative Bank Holdings Limited, has A shares and B shares. Except in particular circumstances (as defined in the articles of association), holders of A shares are not entitled to vote at general meetings. This is published in the 2020 ARA and publically available on the Bank's website and the Articles of Association are publically available on the Companies House beta service website.
- The Bank has established a Joint Audit Committee, as well as other Board level committees. This information is publically disclosed on the Bank's website, including the terms of reference. In addition this is also disclosed in the 2020 ARA which are publically available on the Bank's website and the Articles of Association are publically available on the Companies House beta service website
- Although the Bank is not required to comply with the UK Corporate Governance Code, it endeavours, where possible, to apply the Code.
- Under the UK Corporate Governance Code, at least half the board, excluding the chair, should be INEDs.
- Excluding the chair, the ratio of Independent Directors to Non-Independent Directors is 5:4, i.e. more than half are independent directors, which is in line with the UK Corporate Code.
- Including the chair, the ratio of Independent Directors to Non-Independent Directors is 6:4, i.e. there is a majority of independent directors (60 %), which complies with PRA requirements.
- The Directors have to declare any interests in related parties at every BAU Board meeting and no nominally independent directors are affiliated with the company/ controlling shareholder/ the CEO or other insiders

Read our Corporate
Governance Report in the ARA



Values and Ethics

Embedding our Values and Ethics and ESG commitments

Under the Holding Company's, Finance Company's and Bank Company's Articles of Association, there is a requirement for the Holding Company, Finance Company and Bank Company to promote and conduct the Bank's business to the extent practicable, in a manner informed by the established values of the co-operative movement, in particular with regard to:

- how it relates to, communicates with, balances the interests of, and otherwise deals with its stakeholders; and
- how it applies the profits of the Bank, in accordance with the dividend policy set out in its Articles of Association.

For more information regarding how the Bank's Values and Ethics are enshrined in the Bank's Corporate Governance framework can be found in the Articles of Association, which are published on the Bank's website. Further information regarding what this means in practice can be found in the V&E Committee Report contained in the ARA and the Sustainability Report

Read our Articles of Association here



Read our Corporate Governance Report in the ARA



Embedding our Co-operative values and ethics and ESG principles

Our values and ethics and ESG principles are embedded throughout our governance committees, where it is mandatory for us to align the forums to our commitments.

Statutory disclosures

Transfer of shares

The shareholder of the Bank Company and Finance Company may transfer any shares in any manner which is permitted by law and is from time to time approved by the Board of the Bank Company and Finance Company respectively. Restrictions on the transfer of the B redeemable preference shares can be found within the Holding Company's Articles of Association.

PRA approval is required if a person intends to acquire or increase its 'control' of a UK authorised person (which includes the Bank). Acquiring 'control' includes where a person first holds 10% or more of the shares or voting power in the Bank directly or indirectly via the Holding Company.

Voting rights

Subject to the Bank's Articles of Association and to any special rights or restrictions as to voting for the time being attached to any shares, the provisions of the Companies Act 2006 shall apply in relation to voting rights of the Bank's shares.

B redeemable preference shareholders are entitled to receive notice, attend and vote at a general meeting of the Holding Company in accordance with the Holding Company's Articles of Association.

For more information regarding the Bank's statutory disclosures and shareholder voting rights and underlying processes, please see the Corporate Governance Report in the ARA (p.44 onwards) and the Articles of Association, which are published on the Bank's website.

Read our Articles of
Association [here](#)



Read our Corporate
Governance Report in the ARA



Board and Executive remuneration

Details of the Bank's remuneration policy and statistics, including Executive and Board remuneration, are contained within the Corporate Governance Report in the ARA (p.44 onwards).

Read our Corporate
Governance Report in the ARA



Climate risk

Our approach towards Climate Change Risk

Climate Change poses a significant threat across society and it is important that the Bank takes action to assess and minimise the financial risks it poses through the Bank's operations and its customers. These risks will arise through both Physical means and in the Transition to a low carbon economy.

As such, the Bank has established a robust approach towards managing the financial risks posed by Climate Risk:

Ethical Banking and protecting the environment

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.

We will not provide banking services to any business or organisation whose core activity contributes to:

- Global climate change, via the extraction or production of fossil fuels (oil, coal, gas and shale gas), with an extension to the distribution of those fuels that have a higher global warming impact (e.g. tar sands and certain biofuels).
- The manufacture of chemicals that are persistent in the environment, bio-accumulative in nature or linked to long-term health concerns.
- The unsustainable harvest of natural resources, including timber and fish.
- The development of genetically modified organisms where there is evidence of uncontrolled release into the environment, negative impacts on developing countries, or patenting, e.g. of indigenous knowledge.
- The development of nanotechnology in circumstances that risk damaging the environment or compromising human health.

We make sure the businesses we provide banking services to do not conflict with our Ethical Policy and the views of our customers by applying a stringent screening process throughout the lifecycle of our business accounts.

Read our approach towards Climate Change Risk in the Risk Management section within the ARA



Climate risk

Our approach towards Climate Change Risk

Assessing capital requirements in relation to Impacts of climate change

The Co-operative Bank has an embedded process to assess its capital requirements, the Internal Capital Adequacy Process (ICAAP). The purpose of the ICAAP is to inform the Board of the continuing assessment of the Bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is required having considered other mitigating factors. The Bank is then required to assess whether it meets the overall financial adequacy rule by meeting the assessed capital requirements across the planning period.

It is the responsibility of the Bank to define and develop its ICAAP. The ICAAP is codified in Article 123 of the CRD and implemented locally through the PRA's ICAA rules. These are outlined in the PRA rulebook 'The PRAs approach to bank supervision'. Within the Bank's governance framework, the ICAAP is a process to ensure the management body (both supervisory and management functions):

- Adequately identifies, measures, aggregates and monitors the institution's risks;
- Ensures the institution holds adequate internal capital in relation to the institution's risk profile; and
- Uses sound risk management systems and develops them further.

Read our approach towards Climate Change Risk in the Risk Management section within the ARA



Climate risk

Our approach towards Climate Change Risk

Achievements and Actions to-date:

- In 2007 we became the first bank to go 'beyond carbon neutral.'
- In 2015 we were the first UK high street bank to sign the Paris Pledge denying finance for coal mining and power generation.
- Commitment in our Ethical Banking policy to not provide banking services to any business or organisation whose core activity contributes to global climate change.
- Carbon offsetting (ClimateCare).
- The Bank signed up to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking in February 2020.

Risk Assessment and Monitoring

- The Bank periodically assesses potential impacts of flooding, subsidence and coastal erosion and reports its findings to Executive Risk Oversight Committee.
- Managing the financial impacts of flood risk:
 - The Bank requires all mortgage customers to obtain and maintain buildings insurance throughout the term of the mortgage and it is within the offer pack.
 - Additionally the UK finance handbook for solicitors has a section to remind the applicant of the requirement to obtain buildings insurance.
 - The Bank also has a failure to insure policy to protect us in the event of an insurance claim where the applicant doesn't not have relevant cover in place.

Read our approach towards Climate Change Risk in the Risk Management section within the ARA



Climate risk

Our approach towards Climate Change Risk

Climate Risk Governance

- Assigning responsibility for establishing the Bank's approach towards climate risk to the Chief Risk Officer under the Senior Managers' Regime.
- [From 2021 onwards,] Annual training provided to the Board.
- Incorporating Climate Risk into the Risk Management Framework as a 'Thematic' risk to recognise the significance of climate change on its risk profile and that it impacts the majority of principal risk categories including, but not limited to, credit and capital risk.
- Establishing a working group to ensure the Bank addresses the regulators' expectations, with individual workstreams covering:
 - Strategy & Governance.
 - Risk Management.
 - Scenario Analysis.
 - Disclosures – implementing the Taskforce for Climate-related Financial Disclosures framework in 2021 ARA document.
 - Each workstream has agreed milestones and deliverables that have been approved by Risk Committee.
- Quarterly reporting to Executive Risk Oversight Committee and the Risk Committee of the Board
- Ongoing monitoring of regulatory expectations to ensure the Bank remains compliant with all regulations.

Read our approach towards Climate Change Risk in the Risk Management section within the ARA



Policies and Code of Conduct

Our code of conduct

All colleagues, as well as agency workers and contractors who undertake activity on behalf of the Bank, are covered by the Bank's Code of Conduct requirements.

The Code of Conduct details the required individual behaviour to ensure we are operating in line with our Ethical Policy and Guiding Values, delivering the right customer outcomes, taking appropriate attitudes to risk and complying in full with regulatory requirements.

The Code of Conduct has four sections:

1. Upholding our Ethical Policy and Guiding Values

The Code of Conduct incorporates the areas of responsibility outlined in our Ethical Policy and Guiding Values. Together, these define the behaviours and conduct that the Bank expects from all colleagues. The Ethical Policy includes the Co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity. These values have been enshrined in the Bank's Articles of Association. Everyone who works for the Bank has a responsibility to apply the Ethical Policy to their areas of responsibility and to live up to the promises we have made to our customers.

2. Fair Customer Outcomes

Colleagues are expected to at all times act in the customers' and the Bank's interests.

3. Risk Management & Financial Crime

Managing both internal and external risk is essential to enable the Bank to remain financially strong and to achieve its objectives. We take steps to reduce the risk of fraud by colleagues, customers or members of the public.

4. Regulation

Colleagues must be fully aware of all responsibilities to comply with applicable legislation, rules, and codes of practice or conduct laid by external authorities including the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

Our guiding values

Our Guiding Values set out the key behaviours that will help us to deliver on the Ethical Policy and our brand promise to our customers.

The way we work sets us apart, as a different kind of bank. As colleagues and leaders, we need to have conversations about how we deliver our business strategy guided by our values, which have been created with and for us all. Our Values have not been defined in isolation. They are our own words and they stand for who we are and how we work.



Colleagues are recognised and held to account for 'how' they work as well as 'what' they do as part of performance management. The 'How' and the 'What' form part of objective setting and development discussions with leaders.

The values are embedded throughout our colleague lifecycle including our recruitment and on-boarding processes. Colleagues are introduced to the Values as part of our Bank wide induction where we discuss how the values were created in consultation with colleagues, how they guide or behaviours day to day and how they align to the wider values of the Co-operative movement.

Prevention of bullying, harassment, victimisation and discrimination

The Bank's policies and approach are designed to develop a work environment in which bullying, harassment, discrimination and victimisation are unacceptable, and where colleagues have the confidence to challenge inappropriate behaviour without fear of reprisal. Equality of opportunity regardless of personal demographics and fostering a culture of inclusivity is integral to our Brand. The Bank has a zero tolerance against discrimination, victimisation, harassment and bullying.

The Bank's "Prevention of Bullying, Harassment, Discrimination and Victimisation" policy covers all forms of discrimination as they relate to all protected characteristics. The policy is supported through annual mandatory training for all colleagues on Inclusion and Diversity which seeks to help colleagues understand inclusion and diversity and why it is important; the Bank's zero tolerance approach to harassment, bullying, discrimination and victimisation; as well as how to practice everyday inclusion and how to call out unacceptable behaviour when colleagues see it.

Where it is found that bullying, harassment, discrimination or victimisation has occurred, action will be taken in line with our Disciplinary Policy.

Whistleblowing

The Bank has a comprehensive Concern at Work Whistleblowing policy that is available to colleagues on the Bank's colleague intranet.

As a Bank we are committed to maintaining ethical, as well as professional standards in line with our legal and regulatory obligations. We take any failure to comply with our ethical, professional, legal or regulatory standards seriously. We believe individuals should escalate any concerns they have through appropriate routes. Doing so helps correct wrongs, fix problems or highlight risks. The investigation of any concerns raised will, where requested and so far as possible, be undertaken confidentially, colleague's will not be treated unfairly or be at risk of losing their job if they raise genuine concerns, whether they use the Bank's normal risk processes or the Concern at Work (whistleblowing) escalation routes.

Colleagues can raise concerns at any time about an incident that has already happened, is happening now, or they believe may happen in the near future. An independent whistleblower reporting hotline is available to all colleagues. Anonymous reporting is possible and reports are treated confidentially.

The Bank's policy includes structures to process whistleblowing reports. The Chair of the Joint Audit Committee is the organisation's Whistleblowing Champion and is responsible for ensuring and overseeing the integrity, independence and effectiveness of the Bank's whistleblowing policies and procedures.

Diversity and inclusion policy

The concept of diversity encompasses acceptance and respect. It means understanding that each individual is unique, and recognising our individual differences. These differences include, but are not limited to gender, pregnancy and maternity, ethnicity, culture, age, physical and mental ability, sexual orientation, gender identity, religion or belief, marital and civil partnership status, education and those with a caring responsibility.

We recognise the importance that equality legislation has to play in promoting equality and eliminating unlawful discrimination, but seek to exceed our legal obligations and to provide an inclusive environment for all.

We understand that simply having diversity in our work force is not enough; we must create an inclusive environment where all people can contribute their best work.

Inclusion is engaging the uniqueness and talents, beliefs, backgrounds, capabilities and ways of working of individuals, joined in a common endeavour, to create a culture of belonging, in which people are valued and respected.

By embracing employee inclusion and diversity, we mean that talent, contribution, commitment are key to achieving our aims, and we know we can draw on the best of these from all backgrounds.

Therefore:

- 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.
- We value our people for their contribution and will celebrate diversity in all aspects of our business.
- We will seek to create a genuinely inclusive workspace, which embraces similarities and differences at the individual, and group levels for the attainment of the common endeavour.
- We will not tolerate bullying and harassment in any form. In addition, we will endeavour to protect our employees from any form of 3rd party harassment, and from adverse treatment because of association or perception related to one of the attributes above.
- We recognise the need to support the unique and diverse needs of our customer and community base and will work to ensure that we exceed their expectations of us.
- We expect our suppliers and partners to actively support us in achieving a diverse and inclusive culture and to be able to demonstrate this.

Conduct risk

Acting in the customer's and Bank's interests

Colleagues are expected to act at all times with integrity and honesty in their business and personal dealings to protect the interests of our customers and the Bank.

Colleagues are expected to act at all times conscientiously and with due skill, care and diligence when carrying out every aspect of their role as an employee.

Conduct Risk

“Conduct Risk” is in simple terms about putting the customer at the centre of what we do to achieve fair customer outcomes. It is essential that colleague's consistently act in line with the Bank's Conduct Risk Policy and the Bank's Values to ensure that they:

- Put the customer first.
- Put themselves firmly in our customers' shoes before they act.
- Understand how they affect the experience we create for our customers.
- Play their part in ensuring fair customer outcomes.
- Be reliable, flexible and understand without doubt we exist for our customer.
- Understand our products and how they operate.
- Don't assume to know what our customers want.
- Don't ignore customer feedback.

Following these requirements will help keep the customer at the heart of how we operate and help us meet expectations set out by the Financial Conduct Authority and Prudential Regulation Authority.

Anti money laundering

We have zero tolerance of all criminal offences including money laundering and comply with all relevant requirements as set out by the regulators.

We have an Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and Financial Sanctions (FS) policy and control standards for:

- Transaction Monitoring.
- Financial Sanctions Screening.
- Customer Due Diligence.
- Politically Exposed persons.

All are reviewed on an annual basis and signed off at the relevant Risk Committee (OCROC). We do not disclose our internal systems and controls externally due to the sensitive nature and associated risks with exposing our defences.

We are members of the following external industry groups/circulars and **all key messages from these are distributed to relevant stakeholders/governance forum members as appropriate either through our Governance Forums or via ad hoc communications.**

- **UK Finance** - provides the view of industry peers and benefits us, as it puts us at the forefront of public/private sector developments.
- **MLAP** - Monthly call. Members or guest speakers provide updates and debate forthcoming regulatory change and hot topics i.e. 5MLD and SARs Reform etc.
- **Economic Crime Update** - Fortnightly update in relation to Economic Crime Reform.
- **Sanctions Panel** - UK Finance host discussions for members in relation to anything sanctions related.
- **Post Office AML sub group** – monthly meeting attended by all major UK financial institutions to discuss ML risks and best practice for Post Office based transactions.

Sometimes we need to close accounts due regulatory requirements and other risk factors. In 2020 we closed **366** customer accounts (449 in 2019) 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.

Anti-money laundering

Embedding our policy

To embed our AML, CTF and FS policy, colleagues are required to complete annual AML mandatory training which is undertaken by all colleagues and includes a module on raising a suspicious activity report (SAR). Front line colleagues are required to submit a SAR report when they feel a customer's behaviour or transaction raises suspicions. Further huddles are distributed periodically to ensure that the requirement is reinforced and understood.

To complement the Bank-wide mandatory training we also have additional training sessions and tailored guidance, given to colleagues specific to their roles including:

- **Branch Network** – “One Best Control” risk framework in place containing knowledge questions that colleagues complete on a monthly basis. Support and/or training provided to address any gaps identified.
- **Roles carrying enhanced money laundering/terrorist financing risk** - Additional targeted training, for example, we recently published an additional AML training module (red flags) for customer facing colleagues to supplement the AML mandatory training. We will look to create further modules during 2021.
- **Colleagues in AML Operations** – On going ad hoc training including: investigation skills, managing formal requests for information from Law Enforcement and Government Agencies, managing customer complaints.
- **SME account opening teams** - AML Red Flag training slides issued and sessions held during Q3/Q4 2020 facilitated by our Risk team with support from first line risk colleagues, to combat risk posed by Front Companies, particularly around the Bounce Back Loans Scheme (BBLS).
- **Customer Response** - Huddle card/Guidance issued to colleagues in re managing complaints where transactions were delayed due to AML investigations/Bank requesting a Defence against Money Laundering from the National Crime Agency.
- We also run regular **AML masterclasses**/lunch and learn sessions for colleagues and manage any **amendments to AML sections of the One Best Control**.

Cyber security

Criminals continue to demonstrate increasing levels of sophistication and ambition to attack organisations and their colleagues. The threat environment continues to evolve, with recent examples of financial services organisations or supporting industries being targeted. The Co-operative Bank, along with all other financial institutions, is required to ensure regular user awareness work is conducted to help combat certain cyber-attacks and to embed a cyber aware culture across the organisation. This is done through:

- **Regular colleague communications** – The Cyber Security team publish regular communications on the Bank Intranet which focus on key topics to improve cyber awareness and are also used to issue topical reminders around internet security. Written communications are also supplemented with ad-hoc lunch and learns sessions hosted by one of the Cyber Security team.
- **Cyber Security Awareness Week** – An annual Cyber Security Awareness Week is hosted at the Bank to bring attention to cyber risks and provide colleagues with opportunities to ask any questions they may have in open fora. The week consists of daily intranet articles, regular blogs from senior leaders, talks from industry experts as well as competitions to encourage engagement.
- **Bank-wide user education** – All Bank employees are mandated to complete an Information Security training module every year. The training module covers common cyber threats and what colleagues should do to stay safe from them.
- **Targeted user education** – In addition to the Bank-wide mandatory training, privileged users who may be at a higher risk of social engineering attacks have been identified so that they can receive targeted training to help them combat any of these attacks.

The Bank also has a Board-approved Cyber Security Strategy and aligns to industry best practice and frameworks with regular independent assessment.

Cyber security

Customer First

As well as supporting the education of Bank colleagues, the team looks to empower our colleagues, customers and local communities to be more assured when using technology by providing them with educational resources, encouraging them to move forward in the digital world confidently. As a Bank that does the right thing, it is important that we offer support to our customers where it is needed.

- **Cyber Awareness Modules** – The Bank’s Cyber Security team have developed a number of resources to help our business customers supplement any training they already offer to staff. These have been created in partnership with BPP, a training service provider, and modules can be accessed from the Bank’s public site. The e-learning modules are freely available to any Bank customers but it is believed significant benefit could be gained by business customers. The modules are publicly available which means that the resources could also be used by charities to help improve local communities’ understanding of cyber security at no cost to them.

[Click here to access our cyber awareness modules](#)



- **Cyber Resilience Centre** – The Bank is a core member of the Greater Manchester Cyber Resilience Centre helping our business customers stay safe. The Resilience Centre looks to grow and strengthen the region’s resilience to online crime by providing the highest standards in leadership, integration and collaboration across the cyber eco-system in Greater Manchester.
- **Community Support Sessions** – The Bank is a partner of Greater Manchester’s Chamber of Commerce (GMCC), an organisation designed to provide business support to companies of all shapes and sizes, with over 4500 members. The Bank’s Cyber Security team have hosted sessions in conjunction with GMCC allowing us to provide cyber education to individuals and organisations across Manchester.
- **Responsible Disclosures** – In continuing to build a safe and secure online community, we have developed our responsible disclosure programme to best work across our customers, suppliers, industry, academia and the cyber security community. The Bank maintains a responsible disclosure process that provides an appropriate channel to report security concerns which are then triaged by the Bank.

[Click here to find out more about our responsible disclosures](#)



Data privacy

Protecting the privacy of our colleagues and customers is extremely important to us. The Bank is committed to ensure that we abide by the Data protection Act 2018, The UKGDPR and the Privacy and Electronic Communications Act which are the laws that set the minimum standards for data protection. We look to exceed all standards where possible/practical.

Data protection law requires us to manage all personal information in accordance with the data protection principles. In particular, we are committed to:

- Obtaining user data through lawful and transparent means, with explicit consent of the data subject where required.
- Collecting and processing user data that is limited to the stated purpose.
- Requiring third parties with who we share data to comply with our Policies on data.
- Notifying data subjects in a timely manner if there is a change in policy or data breach.

To support this we detail clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties through the following policies and principles which cover all parts of the Bank's operations:

Policy/Principle	Key components
The Privacy Notice	Displayed on the website, mobile site, in all branches and is available in paper form on request from the bank
Third parties	Any 3rd parties that we deal with have a contractual obligation to the bank and as part of that there is a data protection schedule in place that calls out their requirements as described in the legislation.
Applicant Privacy Policy	The Bank will only gather and process the relevant type and amount of personal information required, allowing us to help recruit and then manage candidates employment with us.
Broker Privacy Notice	The Bank will only gather and process the relevant type and amount of personal information required, allowing us to help on-board the brokerage and maintain a business relationship ongoing.
Colleague Privacy Notice	The Bank will only gather and process the relevant type and amount of personal information required, allowing us to help recruit and then manage candidates employment with us.
Changes to privacy notice	We will update this notice to reflect changes to our information practices. If we make any material changes we will notify you by means of a notice on our website prior to the change becoming effective. We encourage you to periodically review co-operativebank.co.uk/global/privacy-and-cookies for the latest information on our privacy practices

Click here to find out more about our privacy policy



*Any queries on the Bank's approach to Data Privacy can be addressed to the Bank Data Protection Officer data.protection@co-operativebank.co.uk

Bribery and corruption

We have zero tolerance of bribery and corruption. The Bank is committed to acting with integrity and fairness in all its business dealings and commercial relationships.

Fraud

We have a Fraud Policy which includes Anti Bribery & Corruption (AB&C) and a specific AB&C Control Standard. Both are reviewed on an annual basis and signed off at the relevant Risk Committee (OCROC).

To embed our Fraud Policy all colleagues are required to complete annual Fraud mandatory training which includes a module on AB&C. Included in the training is the reinforcement that the Bank has a zero tolerance approach to AB&C.

Each year the Bank undertakes an AB&C and Facilitation of Tax Evasion risk assessment and an update is provided to our Risk Reporting Committees.

Gift & Hospitality

We have a Gift & Hospitality Procedures document which must be adhered to and followed by all colleagues. Our gifts and hospitality levels are reviewed quarterly by our Risk Function with confirmation of accuracy provided and reported to our Risk forum.

To compliment our individual policies we also have a section on fraud, including AB&C and gifts and hospitality, in the colleague Code of Conduct Policy providing further guidance especially around conflicts of interest.

Externally, we have a section on AB&C on the Bank's website which outlines The Bank's stance on Bribery & Corruption and confirms that we conduct our business fairly and lawfully and will not tolerate crime offences such as Bribery & Corruption in any guise.

Human rights

We support the principles of the Universal Declaration of Human Rights

As detailed in our Ethical Policy, we will not provide banking services to any business, organisation or government that:

- Fails to uphold basic human rights within its sphere of influence.
- Manufactures or transfers indiscriminate weapons (e.g. cluster bombs and depleted uranium munitions), torture equipment or other equipment that is used in the violation of human rights, or armaments supplied to oppressive regimes.
- Has links to an oppressive regime that are a continuing cause for concern.
- Advocates discrimination and incitement to hatred.

Please see our Ethical Policy



Modern slavery

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

The maximum working hours for school leavers in the UK is 40hrs per week our contract states 35hrs per week for all employees. We also have detail in our modern slavery document re suppliers to not engage in or support the use of child labour, and to provide specific consideration to young persons between the ages of 15 and 18, particularly in respect of their hours of work and safety.

Please see our modern slavery and human trafficking statement



Environmental management

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

In addition, since 2007 we have offset our carbon emissions plus an additional 10 % to address the impact of our business activities in the past. Our 'beyond carbon neutral' status is helping the UK to achieve its Paris Climate Agreement commitment to reduce greenhouse gas emissions by at least 68 % by 2030, compared to 1990 levels.

We continued to source our electricity from renewable energy suppliers and the restrictions of the global pandemic meant that business travel was minimal this year. Having achieved a 47 % decrease in our greenhouse gas emissions in 2020, we are targeting a 27 % reduction on our 2019 baseline over 2021.

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, refrigerant leakages from major occupancies and all business travel (air, rail and road), 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. 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 and will aim to fully implement the recommendations of the Financial Sustainability Taskforce on Climate-related Financial Disclosures (TCFD) from 2022. In 2020 we signed up to the UN Principles for Responsible Banking. We'll continue this commitment as we develop our sustainability targets for 2022 and beyond, building on the co-operative values and ethics that are the foundations of our bank.

Find out more on pages 4&5 of
our Sustainability Report



Sustainable procurement and supplier policy

As a business, we need to ensure that we behave ethically not only in the direct impact of our activities, but also indirectly through our supplier relationships. Therefore we make the following commitments as part of our Ethical Policy:

- We assess whether the operations of suppliers directly engaged by The Co-operative Bank are consistent with our Sustainable Procurement and Supplier Policy, which reflects our Ethical Policy.
- We aim to work with our suppliers to manage The Co-operative Bank's own environmental impact and support our policy of being beyond carbon neutral. In particular, we seek to:
 - Use renewable energy and manage our energy efficiently.
 - Reduce our reliance on fossil fuels.
 - Reduce our reliance on chemicals that persist in the environment and have the potential to harm health.
 - Embrace natural products and services.
 - Minimise waste through recycling and other sustainable waste management practices.

Responsible asset management

Treasury implemented a counterparty V&E screen in H1 2020 to supplement the Supplier screening policy (“Sustainable Procurement Supplier Policy“ SPSP) already in situ.

The framework ensures Treasury:

- Does not execute transactions with banks controlled by oppressive government regimes
- Does not transact with counterparties that take an irresponsible Taxation approach*.
- Does not transact with counterparties with reputational concerns that conflict with the Bank’s ethical policy*.

**Unless there is an exceptional Treasury business need and this is approved by the CFO*

Since implementation the Bank Treasury team has placed 5 counterparties on ‘Red’ meaning no Treasury business may be executed with that entity. For context, Treasury has over 65 active Bank counterparties currently.

In 2021, Treasury intend to review its HQLA mandate (Cash, Gilts/ T-Bills, Supras, UK Covered, UK Prime RMBS) with the prospect of introducing ESG criteria.

Responsible marketing

Our Responsible Marketing Policy

Keeping you informed

While some of our emails keep you updated on essential information to do with your account (such as changes to terms and conditions and fees and charges), opting into marketing emails means you can receive additional information about our products and services, support with managing your money, and updates on how we're putting our values and ethics into action.

Our pledge to you

We understand that no one wants an overflowing inbox. To ensure we only send information that is relevant to you, we promise to:

- Only email you with helpful information that could support your needs.
- Never email you more than once every two weeks about products.
- Never email you more than once every two months about the same product.
- Always make it clear how your personal information (email addresses/telephone numbers) are going to be used, full details can be found in our Privacy Policy.
- Never use your personal information for marketing purposes if you tell us not to.
- Only provide you with marketing information through the channels you've agreed.
- Let you change your mind at any time and stop sending marketing to you if you ask.
- Remind you every so often that you can contact us at any time to change your marketing preferences.
- Not pass your details to a third party for marketing purposes (unless you've said we can).

Review your preferences

If you would like to review and make changes to your current preferences, you can do this in a number of ways:

- Logging in to online banking.
- Through our mobile app.
- In branch.
- Over the phone.

Our commitments

In addition to our pledge above, we also commit to the following:

- Informing and educating our customers about all aspects of all our products including charges, fees and any potential negative consequences.
- Using appropriate targeting when marketing our products.
- Providing environmental or other sustainability related information (where available) that goes beyond legal requirements.
- Ensuring that third parties, with whom the data is shared, comply with General Data Protection Regulations and contractual terms are approved by our Data Protection Officer.
- Notifying data subjects in a timely manner in case of policy changes or data breach.