

Modern Slavery and Human Trafficking Statement 2023 / 24

The **co-operative** bank

Ethical then, now and **always**



1.0 Introduction

Introduction

The Co-operative Bank's customer-led Ethical Policy defines how we act as a business, the causes we support and the ways we use (and won't use) our customers' money. It outlines the commitments we've made to uphold the ethics and values of our customers.

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

This is the seventh Modern Slavery and Human Trafficking Statement made by The Co-operative Bank Holdings p.l.c. This statement is applicable to our subsidiary undertakings, which includes The Co-operative Bank p.l.c., incorporated in England and Wales and each entity within the group. It is made in accordance with the UK's Modern Slavery Act 2015 and covers the financial year ended 31 December 2023.

The **co-operative** bank



The Co-operative Bank and smile are trading names of The Co-operative Bank p.l.c

Our approach

Our approach to unethical or illegal activity in our business and supply chains begins with our customer-led Ethical Policy and the values and ethics of the co-operative movement. They drive our culture and are reinforced through our governance structure.

Co-operative values are embedded into The Co-operative Bank's Articles of Association, ensuring they guide the management and conduct of the Bank. Delivery of the Ethical Policy and adherence to co-operative values are overseen by the Values and Ethics Committee, a Board-level committee of the Bank.

We understand that modern slavery in the UK and overseas can take many forms including trafficking, servitude or forced labour. It is a hidden crime that destroys lives, damages communities and has strong links with organised crime. We take a zero-tolerance approach to breaches of our standards on modern slavery and human trafficking and we will always take action to investigate suspected incidences and to immediately address any confirmed cases.

This statement has been reviewed and updated to reflect progress made throughout 2023. Our Procurement and People functions hold responsibility for policies relating to modern slavery and human trafficking, with support from colleagues from across the business.

2.0 About us

The Co-operative Bank is a financial services company, providing a range of products and services to c2.4m personal customers and over 94k small to medium sized business customers (SMEs).

We are based solely in the UK, with our Head Office site and main offices in the North West of England, as well as 50 branches located across England, Scotland and Wales.

The majority of our c.3,000 colleagues are direct employees of our Bank. We are also supported by a range of third parties and suppliers, a small number of whom provide important outsourced services through close partnership relationships.

Further details about The Co-operative Bank's financial performance and strategy can be found in our Annual Report and Accounts.

Read our 2023 Annual Report and Accounts



The Co-operative Bank brand is defined by the values and ethics of the co-operative movement and is marked by over 150 years of ethical banking.

Our customer-led Ethical Policy has been part of our story since 1992. The most recent update to the Ethical Policy was published in June 2022 following a poll of our customers, and it now reflects the views of over 370,000 customers and colleagues.

Our Ethical Policy remains unique in UK banking and sets out how values and ethics shape the way we operate and the decisions we take. Today's Ethical Policy reflects all aspects of our business, from our impact on the environment, the products and services we offer, our workplace, and the relationships we have with suppliers, to the causes we support and our involvement in local communities.

The Ethical Policy covers key issues such as human rights, international development and tackling poverty. It includes our commitment to respect human rights in all our business activities, including the provision of banking services in line with the **UN Guiding Principles on Business and Human Rights**. We are committed to the delivery of the UN Sustainable Development Goals (SDGs), including the eradication of forced labour, modern slavery and human trafficking and the protection of labour rights, as described in SDG Goal 8.7.

Our Ethical Policy underpins our commitments within this Modern Slavery and Human Trafficking Statement and allows us to fulfil our aspirations to deliver a differentiated ethical banking service.

Read our Ethical Policy



Our progress

Over the last year we have focused on developing our colleagues' awareness and understanding of modern slavery and human trafficking.

- We have enhanced our Financial Crime training, which is completed by all colleagues, to include example scenarios of modern slavery and human trafficking. This will help our colleagues to recognise indicators and understand what actions to take if they suspect a customer is a victim or a perpetrator of modern slavery and human trafficking.
- We've also added additional scenarios into our Vulnerable Customer e-learning module for frontline colleagues. This will help them to recognise the signs and take appropriate actions to respond to possible cases of modern slavery and human trafficking, while ensuring the safety of the potential victim.



3.0 Our policies relating to modern slavery and human trafficking

The Co-operative Bank has a robust policy framework that prohibits modern slavery and human trafficking.

We continue to review relevant policies to ensure they comply with legislation and support its spirit. The purpose of our policies is to prevent, identify and address incidents of modern slavery and human trafficking as and when they arise.

3.1 Customers

As part of our on-boarding process, all new business customers are assessed against our Ethical Policy and subject to appropriate due diligence in line with our anti-money laundering policy. When we believe there is an increased risk of modern slavery, we will conduct additional due diligence. If we identify activity we suspect relates to modern slavery or human trafficking we take appropriate action in line with our legal and regulatory obligations.

The Co-operative Bank is committed to combatting financial crime and the misuse of our assets and systems by criminals. We take a proactive approach to financial crime risk and meet our regulatory obligations to prevent our accounts being utilised to facilitate money laundering, bribery & corruption, tax evasion and sanctions breaches.

Considering human trafficking specifically, our Financial Crime team investigate suspicious activity to better detect and disrupt threats to the Bank. We are always prepared to exit relationships that demonstrate human trafficking indicators.

We will always collaborate with the government, NGOs and law enforcement to help identify and mitigate against modern slavery and human trafficking.

3.2 Suppliers

When selecting suppliers we look to those who are aligned to the commitments of our customer-led Ethical Policy and the values and ethics of the co-operative movement. We assess each supplier against our Sustainable Procurement and Supplier Policy, which reflects our Ethical Policy. This screening allows us to identify high risk supply chains at the outset of the relationship.

See 4.0 Our supply chain for more information.

3.3 Colleagues

We expect all colleagues to be treated fairly, with respect and dignity. Our Code of Conduct applies to all Co-operative Bank colleagues (which includes employees and contractors). It sets out our values and our expectations of colleagues, and it includes a clear commitment to human rights. All employees are recruited legally and must meet the 1998 Immigration Act requirements. Relevant background checks are undertaken to ensure this.

We have formalised our commitment to freedom of association through the creation of a **Freedom of Association Policy**, which confirms that we are committed to creating an ethical workplace, maintaining good industrial relations, communications and dialogue and ensuring that all colleagues are treated fairly and equally. In doing so, we ensure compliance with laws that ensure freedom of association and the right to engage in collective bargaining.

The Co-operative Bank has been accredited by the Living Wage Foundation since 2015. We extend this requirement to all colleagues employed via suppliers (e.g. cleaning and security staff).

See 6.0 Our workplace for further information.

4.0 Our supply chain

The Co-operative Bank works with a network of nearly 500 suppliers who support us in delivering goods and services to our customers and colleagues.

It's important that the suppliers we work with are aligned to the commitments of our customer-led Ethical Policy and the values and ethics of the co-operative movement, which define our brand. We therefore assess their operations against our **Sustainable Procurement and Supplier Policy**, which reflects our Ethical Policy, at on-boarding and at key points in each contract.

By gathering information about potential suppliers, any parent or subsidiary companies and the sectors and jurisdictions in which they operate, we can identify high risk supply chains before we enter into a contractual relationship.

- All suppliers are asked to complete a pre-qualification questionnaire, which requests information on a range of issues including labour standards.
- Compliance with our Sustainable Procurement and Supplier Policy forms part of the ongoing relationship with higher risk suppliers, who are managed through the Bank's Third Party Risk Management Operating Model. These suppliers are reviewed annually for ongoing compliance.
- On occasion some suppliers are unable or unwilling to sign up to our Sustainable Procurement and Supplier Policy. These are reviewed on a case-by-case basis. We look at the nature of the business and the goods or services they are providing to the Bank, and whether there is a risk of conflict to our Ethical Policy commitments. Additionally, we would look for evidence of their own corporate social responsibility (CSR) policies. The decision to on-board the supplier is further ratified by our Executive team.

Our tendering and contracting process

When we enter into a contract with a supplier, our standard terms and conditions require that suppliers:

- adhere to all applicable laws.
- remain in compliance with all relevant regulations, both at home and abroad.
- comply with all customer policies concerning ethics, anti-bribery and/or anti-corruption as well as with any relevant industry code on anti-bribery.

What does this mean in practice?

We ask suppliers to confirm they do not breach our Sustainable Procurement and Supplier Policy, which sets out our expectations that a supplier's core activities are sustainable, fair, legal and ethical. This includes a number of terms relating to labour standards. For example:

- They must support the fundamental International Labour Organisation conventions and not engage in or support the use of forced labour. They must recognise that workers should be free to terminate their employment after a reasonable agreed period of notice.
- They must not engage in or support the use of child labour, and must provide specific consideration to young persons between the ages of 15 and 18, particularly in respect of their hours of work and safety.
- They must meet legislative and industry standards regarding working hours, in accordance with whichever affords the better protection, and must ensure that employees are not expected to work for more than 48 hours per week on a regular basis.

5.0 Our suppliers

Once a supplier is on-boarded, our Third Party Risk Management Operating Model and third party supplier management policies set out how we will work with them on a day-to-day basis and throughout the life of their contract.

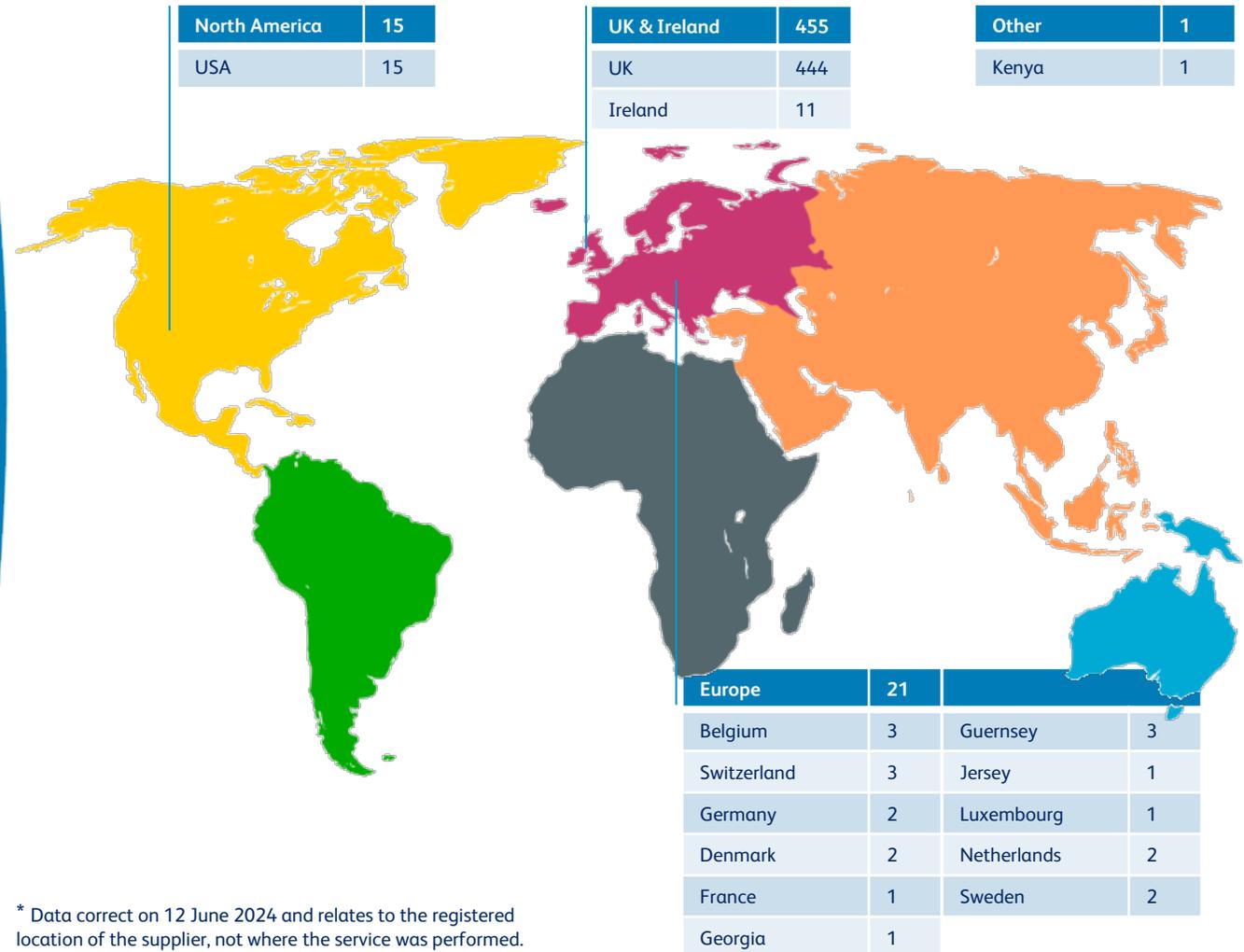
As part of the Third Party Risk Management Operating Model, we periodically review suppliers against our Ethical Policy and Sustainable Procurement and Supplier Policy. Suppliers identified as operating in geographies or industries that represent a higher risk may be screened more often.

If breaches of basic standards occur, such as those involving corruption, fraud, bribery and modern slavery, we require suppliers to address these immediately.

We expect action to be taken to investigate the conduct, remediate where possible, and ensure plans are put in place to avoid the situation recurring. Additionally, we would always report any suspected criminal activity to the relevant authorities in the UK or overseas.

We have mapped the location of our suppliers to ensure we manage appropriately those who may operate in higher risk areas.

The Co-operative Bank currently has a total of 492 live suppliers.*



* Data correct on 12 June 2024 and relates to the registered location of the supplier, not where the service was performed.

6.0 Our workplace

Our Ethical Policy sets out our commitment to be an ethical bank and workplace.

How we pay our colleagues

- We do not provide any zero hours contracts. All colleagues have a guaranteed number of hours.
- We commit to paying, as a minimum, the Real Living Wage (as calculated by the Living Wage Foundation) and undertake an annual payroll audit to ensure this is adhered to. We also encourage our suppliers to become Living Wage employers and require them to pay any employees operating at our sites the Real Living Wage as a minimum.



Worker rights and colleague voice

- We uphold the right of all employees to join a Trade Union.
- We run regular surveys to understand colleague sentiment and to encourage colleagues to speak up.
- We measure our culture and our engagement on an annual basis to identify areas for improvement and benchmark against the financial services industry.



Colleague support mechanisms

- We have robust support mechanisms in place for our colleagues should they require any personal support linked to modern slavery or human trafficking issues.
- This includes our employee assistance and wellness programme, designed to help colleagues manage personal issues. It's available 24 hours a day, seven days a week, providing support services on matters affecting emotional wellbeing including relationships, bereavement, stress and anxiety plus in-depth legal help and information.

Equality, Diversity and Inclusion Strategy

- We understand that simply having diversity in our workforce is not enough; we must create an inclusive environment where all people can contribute their best work.
- The Bank's new three year Equality, Diversity and Inclusion (EDI) Strategy will provide a structure for progress and development of EDI activity to meet regulation, raise reputational status, achieve recognised accreditations and make a real difference to our colleagues, and ultimately our customers.

7.0 Our training

Code of Conduct

All colleagues complete an annual mandatory e-learning module on the Code of Conduct and must agree to comply with it and so uphold our values and ethics. Contractors and agency workers employed through our managed service provider also complete this training.

The purpose of our Code of Conduct is to define how we demonstrate to all our stakeholders that our colleagues behave in line with our Ethical Policy and Guiding Values, to deliver the right customer outcomes and comply with regulatory requirements. It also helps the Bank demonstrate to its financial regulators that it complies in full with its obligations and takes appropriate attitudes to risk. Most recently we have enhanced this policy to include details of the new Consumer Duty from the Financial Conduct Authority, which sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first.

We regularly update our Code of Conduct to provide clarity on the roles and responsibilities of our leaders and colleagues, underpinned by our values and ethics.

Financial Crime

Our annual mandatory financial crime training for all colleagues provides guidance on how to identify indicators of modern slavery and human trafficking. This year we have enhanced our training to include example scenarios to help colleagues recognise these indicators and understand what actions to take if they suspect a customer is a victim or a perpetrator of modern slavery and human trafficking. The training includes links to resources for further reading on the subject.

Equality, Diversity & Inclusion

All colleagues undergo annual Equality, Diversity and Inclusion training. This includes training on unconscious bias, and how to manage this, to ensure that we are supporting our colleagues and leaders in making inclusive decisions.

The training also shares positive working practices, to show how we can co-operate together to promote an inclusive work environment that celebrates and engages the talents, beliefs, backgrounds, capabilities and ways of working of our unique individuals, to create a culture of belonging in which people are valued and respected.

Supporting our customers

- All customer-facing colleagues receive training to help them to identify all forms of financial abuse, fraudulent activity and money laundering, which could indicate that the customer is a victim of human trafficking or modern slavery.
- Having identified a potential victim, the training provides techniques to safely engage the customer in conversation, encourage them to disclose their circumstances and provide any support they need.
- All colleagues have access to a dedicated section on our colleague intranet which includes background information on modern slavery and human trafficking, signs to look out for and information on how to support victims. This information is updated at least annually.
- We recognise that providing banking facilities to survivors of modern slavery is a lifeline but that challenges around account opening and providing proof of identity and address history can be a barrier. With this in mind, we have added additional accepted documents to our process, for example, letters of introduction and Home Office documents. Where vulnerable customers need further support, we have provided funding for a dedicated resource at Citizens Advice. They are able to support on a whole range of issues such as immigration and claiming benefits.

8.0 Our recruitment

Our commitment in recruitment is to deliver a sustainable pipeline of competent and diverse people within required timeframes and budget, to help sustain an inclusive workplace culture that retains talent and complies with legal, regulatory and ethical requirements.

We do this by having clear frameworks for the recruitment team and hiring leaders, to ensure we always behave ethically and manage risk. This includes:

- A commitment to openly advertise all roles in line with procurement standards, trade union agreements, employment legislation, employer branding and company values. This ensures job opportunities are open to all and that we accurately represent the role on offer and the organisation.
- During the recruitment processes we will follow fair, inclusive, transparent and consistent practices in line with business and customer needs. We commit to treating both successful and unsuccessful candidates in line with agreed procedures and company values.
- Employment contracts are signed off to confirm that they comply with business requirements, employment legislation, the Remuneration Committee governance framework and employment codes of practice, as well as the requirements as set out by our regulators.

What do we do in practice?

How we manage recruitment

- Permanent vacancies are managed by our in-house team, whilst all temporary and contractor recruitment is outsourced to a third party.
- As part of our recruitment practices we ensure that all recruitment contracts include reference to our Modern Slavery and Human Trafficking Statement. This highlights our zero tolerance approach to modern slavery and includes a commitment to acting ethically and with integrity in all business dealings and relationships.

Pre-employment Screening

- We actively manage the risk of modern slavery by asking candidates if they have the eligibility to work within the UK as part of the recruitment process.
- We have a Pre-employment Screening Policy which details the level of checks that we will complete as part of the on-boarding process. This includes employment referencing, a criminal record check, fraud checks and checks in relation to financial sanctions.
- We use a reliable third party to conduct employment screening checks before the candidate's start date, to ensure we actively check their right to work in the UK.
- All candidates must pass the screening checks according to our policy before they can join the Bank.

9.0 Managing risks and raising concerns

The 'three line' approach

We have a 'three line' approach to managing risk. The Bank's risk framework allows us to assess regulatory, legal and reputational risks and is overseen by the Risk Committee, which is a committee of the Board.

The 'three line' approach includes the management of policies and practices on Anti-Money Laundering and Proceeds of Crime. These policies are intended to prevent the Bank from providing banking facilities to those engaged in illegal or criminal activities, which may also include modern slavery and human trafficking.

1st Line

The Bank's 1st line of Defence is the front line business functions, who are responsible for the day to day management and operation of processes and controls to manage risk within the bank's defined risk appetite.

2nd Line

The Bank's Risk function acts as the 2nd line of Defence. They are responsible for the creation of policies and control standards (deciding the way things should be done), defining Risk Appetite (the level of risk we're willing to take), and oversight and monitoring of the 1st line.

3rd Line

Internal Audit act as the 3rd line of Defence. They are responsible for independent monitoring of the 1st and 2nd line areas.

Concern at Work

At The Co-operative Bank, all colleagues are able to escalate any concerns through appropriate routes and in doing so will help correct wrongs, fix problems or highlight risks.

No colleagues will be treated unfairly or risk a negative impact on their job if they raise concerns, whether they use the Bank's normal risk processes or the Concern at Work processes.

Whistleblowing

The Bank operates a Whistleblowing scheme, allowing employees to raise an anonymous and confidential concern about the actions of business partners, managers and other employees.

The scheme can be used for anything of concern including corruption, human rights violations and other areas of concern. These concerns are then investigated independently.

10.0 Measuring effectiveness

The effectiveness of The Co-operative Bank's Modern Slavery and Human Trafficking Statement and all associated policies are reviewed annually at Executive level.

We continue to develop our approach to identifying and mitigating modern slavery and human trafficking risks within our business and supply chain, and to measure the effectiveness of our policies.

The Bank has controls in place to monitor activity indicative of modern slavery or human trafficking, with regular training delivered to all staff. We monitor completion rates of all e-learning modules.

We will continue our work to improve our approach to tackling modern slavery and human trafficking through collaboration with other businesses and organisations where relevant. We regularly undertaking a peer review of 'modern slavery and human trafficking statements, which help us to identify good practice and potential areas for improvement.

We will continue to increase visibility of the issue within our Bank by training our colleagues to maintain the highest standards of integrity and by sharing information about modern slavery as part of our annual e-learning programme.

We will raise the profile of the issue with our customers by regularly talking to them about modern slavery and human trafficking through our customer communications and social media channels.

11.0 Conclusion

At The Co-operative Bank, we understand the need to continuously strengthen our approach to tackling modern slavery and human trafficking.

Modern slavery and human trafficking have no place within our business or our supply chain and we take a zero-tolerance approach towards it. With a strong focus on our Code of Conduct, our training and induction programmes, and our wider people practices and policies, we ensure our colleagues remain aware of this important issue and are vigilant of indicators to look out for.

I am confident that, with the enhanced training we have introduced this year, our colleagues are well equipped to identify all types of customer vulnerabilities, and that we have appropriate processes in place to allow colleagues to refer customers to the most suitable support for their needs.



Nick Slape, Chief Executive
19 June 2024

Approved by the Board on 19 June 2024

Throughout 2023 we continued to demonstrate our commitment to our Ethical Policy and we publish our achievements each year in our Sustainability Report.

Read our latest
Sustainability Report

