

# Modern slavery statement.



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# Introduction.

Modern slavery is happening more often than people may realise, that's why at TSB we're committed to protecting people and acting to prevent slavery and human trafficking in our corporate activities.

This statement sets out TSB's actions to understand the modern slavery risks related to our business. It also describes the steps we take to prevent slavery or human trafficking in our own business or our supply chains. This statement relates to actions and activities during the financial year January to December 2019.

## Our business

TSB has over 5 million UK customers, more than 7,000 employees and a large supplier network. We believe that bringing more competition to UK banking will ultimately make banking better for all UK consumers. Our purpose is to deliver Money Confidence. To Everyone. Everyday.

We're doing this by building the sort of bank that customers have told us they want: a transparent and straightforward bank that supports local economic growth and helps local people and the communities they live in to thrive. TSB is part of the Sabadell Group, which is Spain's fourth largest banking group. We share their values, with traditions of focusing on and supporting hard working local people and businesses.

## How we behave

We recognise the aims of the Modern Slavery Act and take our responsibilities seriously. Treating others fairly with dignity and respect form the basis of what we expect from everybody in TSB, including our suppliers, and our TSB behaviours guide us in everything we do to achieve our purpose. We always aim to feel what customers feel, look for better, say it straight and do what matters.

## How we treat our Partners

At TSB, we believe everyone has a right to work in a safe and supportive environment. We're committed to creating an open and transparent culture and encourage all Partners to act responsibly and call things out when they think something's wrong, for example by using the Whistleblowing helpline.

We've set out the behaviours we expect everyone to demonstrate, which helps our Partners to focus on our purpose and comply with regulatory conduct requirements. To make sure all Partners understand these policies we provide a range of training programmes which focus on how we get things done, how we work together internally and how we behave with customers.

We involve our Partners and their representatives in decisions that affect them. Our recognition agreement with our unions, Accord and Unite, includes guidelines for how we negotiate and consult with them.

'The Link', a forum consisting of Partners across all levels, enables meaningful dialogue between Partners and the executive leadership. The outputs from five regional group meetings are presented to our Executive Committee to help inform our activity and strategic outlook, and they also meet with our Board at least annually.

We also ask our Partners to complete regular surveys and tell us what they think about working at TSB.

We make sure we reward our Partners fairly and appropriately for the role they're doing. And, as an accredited Living Wage employer, everyone is paid at least the real Living Wage. Our total reward package includes a discretionary annual TSB Award; a defined contribution pension scheme, with employer contributions of up to 13% base salary; and a Flexible Benefits scheme.

We work hard to create an inclusive culture where every TSB Partner – regardless of gender, ethnicity, disability, sexual orientation, age or personal situation – should be able to fulfil their potential. And we have an active Inclusion network that champions a culture where everyone can thrive.

### In 2019:

We're committed to creating a healthy and inclusive working culture where all of our Partners are empowered to do their best work. Listening is an important part of creating that culture:

- **Link Groups.** In 2019 we inducted our 5th cohort of 125 Link members and held two ad hoc meetings, in addition to the usual quarterly meetings, to enable our CEO and Executive team to gain their feedback and input into the new TSB strategy.
- **Partner Experience surveys.** We introduced more regular Partner Experience 'pulse' surveys to check in with Partners more regularly and be more responsive to feedback and ideas.
- **Connecting with senior leaders.** As our CEO and new Executive Team members joined in 2019 they visited TSB locations across the country to meet with Partners, sharing their priorities and answering Partners' questions.

## Working with our customers

Our policies give Partners guidance on the risks we need to consider at all stages of our customer relationships. We also have a broad range of additional checks which can be carried out, depending on the level of financial crime risk we've identified, including modern slavery.

We work closely with the Police and other agencies to make sure we're doing the most suitable checks. If we ever uncover evidence or suspicions of criminal activity, we'll always make sure we follow the necessary reporting requirements.

Much of our day to day contact with customers comes through our branches. To support that important role, we've increased awareness of modern slavery and human trafficking and introduced a modern slavery aide memoire for branch Partners. This gives them guidance and advice on spotting the potential signs of modern slavery and how to provide support. We share it throughout the branch network and other relevant business units as part of our Financial Crime training.

We require all TSB Partners to complete mandatory core learning relevant to their role. This includes training on anti-money laundering, and vulnerable customers, which should help them identify modern slavery in our customer relationships.

### In 2019:

BBC's Panorama programme aired an episode on the victims of a modern slavery gang in the UK. TSB was referenced (as TSB accounts were opened for some of the victims between January 2014 – June 2015). TSB's Financial Crime Risk team carried out extensive trend and network link analysis throughout 2019 to identify accounts exhibiting similar indicators. As a result of this analysis, a number of additional accounts have been reported to law enforcement. Further initiatives are planned for 2020, including partnering with specialist agencies / charities to improve Partner training, and access intelligence.

Our Financial Crime Risk team continue to attend regular meetings of the Joint Money Laundering Intelligence Taskforce's Human Trafficking and Organised Immigration Crime working group, where valuable indicators and intelligence is shared.

We carried out a review during the summer of 2019 to assess our branch Partners' awareness of modern slavery. Area Risk Managers visited 46 branches across all three of our main branch Distribution regions and spoke to Partners about the issue. Although awareness was high and there were improvements in knowledge compared to the previous year we will continue to issue regular reminders about the modern slavery aide memoire in communications across the branch network.

## Our supply chain

Based on the nature of our business, our employment practices and those of our supply chain, we believe the risk of modern slavery in our industry is relatively low. But we've identified some areas where our suppliers may be at higher risk, for example:

- Overseas suppliers
- The people who provide facilities services, such as cleaners
- Manufacturing, such as staff uniforms
- The building trade
- Temporary recruitment firms

We have clear Procurement policies in place to make sure our suppliers understand our business principles and apply those to their own businesses. And our policies explicitly show our commitment to prevent modern slavery. We carry out rigorous checks at every stage of the relationship with our suppliers to assess their risk of modern slavery. This includes carrying out an assessment of potential new suppliers and extra checks each year during the life of an existing supplier relationship.

# Due diligence

## Reviewing our existing suppliers

We carry out due diligence checks every year for our higher risk suppliers. And we review the statements they give us on their processes and controls against modern slavery, including reviewing the modern slavery statement published on their company website where possible. We do more detailed reviews of suppliers in higher risk areas. We haven't found any immediate gaps or concerns, and we've been reassured that our suppliers have the appropriate controls in place.

## Assessing new suppliers

Before we set up any new relationships with potential suppliers, we always check to make sure their values align to ours. These checks cover a broad range of policy areas including corporate and social responsibility, accessibility and pre-employment vetting. Our standard supplier contracts also include requirements for suppliers to prevent modern slavery in their operations and their supply chain. Our processes make sure new suppliers provide us with evidence that their controls against modern slavery meet the same standards as our own.

### In 2019:

We've continued to develop our understanding of modern slavery risks to make sure our checks both in setting up new suppliers and our existing suppliers are strong, and we don't miss any emerging risks. We continue to monitor key suppliers to make sure they pay employees the National Living Wage and TSB funds the payment of the National Living Wage to employees in our facilities management supplier. And we've continued to check all new and existing suppliers have appropriate measures in place to prevent modern slavery.

Our review of all new suppliers showed their controls against modern slavery meet our standards, they have a good awareness of the dangers of modern slavery and we don't have any material concerns around their working practices. We'll continue to use the controls we've introduced to make sure this doesn't change in the future.

While we have not identified any concerns about the way in which our suppliers prevent modern slavery risks in their operations, we have controls in place so that if we were to find any instances or indicators of Modern Slavery in our supply chain, we would be able to follow Home Office Guidance to ensure that we were transparent with our findings. As part of this, we would also ensure that we put a plan in place to work with the supplier to close down any issues of this nature.

# Relevant policies in 2019

We have policies that set out a way to do business and we have controls in place to make sure we stick to those policies. We've updated many of these controls to include additional checks to make sure modern slavery risks are fully considered, particularly within the supply chain. These include:

- **TSB Partner Employment policy.** Our policy makes the standards and behaviours expected of Partners when representing TSB clear to them. We only use specified, reputable employment agencies and always verify the practices of any new agency before accepting workers from that agency.
- **Anti-Money Laundering & Counter Terrorist Financing Policy.** Any knowledge or suspicion of financial crime, including modern slavery and human trafficking, must be reported to TSB's Nominated Officer, who will assess the internal disclosure and decide whether there are grounds to make an onward disclosure to the National Crime Agency.
- **Whistleblowing policy.** We encourage all Partners to report any concerns related to TSB activities and those of our suppliers. This includes suspicion of any criminal activity. Our confidential Whistleblowing helpline is designed to make it easy for people to make disclosures without fear of retribution.
- **Customer Treatment Policy.** We have high expectations of the way that both our Partners and suppliers treat our customers. This includes specific provisions to make sure we take care of vulnerable customers. Partners are trained to spot these customers at an early stage and provide appropriate support where they can.
- **Procurement policy.** We are committed to making sure our suppliers adhere to the highest standards of ethics. And we ask suppliers to demonstrate that they provide safe working conditions, treat workers with dignity and respect and act ethically and within the law.

# What's next for 2020?

We'll continue to build our understanding of how to prevent modern slavery and improve what we do. There are several things we're already working on:

- We'll continue to develop the guidance we give our Partners and measure their participation in mandatory core learning.
- We'll continue to carry out checks on all our suppliers and key supply chain partners to confirm they are doing everything they can to prevent modern slavery themselves and in their supply chains.
- We'll continue to assess new suppliers to the highest standards and include contract clauses to prevent modern slavery.
- We'll conduct further deep-dive reviews on high risk supply chain partners, as well as working with all our suppliers to improve their labour standards wherever an issue is identified.
- We'll conduct further pro-active trend analysis, data gathering, reporting and Partner training to support the prevention of, or early detection of, modern slavery related activity.
- We're building relationships with experts in this area and using insight from other organisations to understand best practice.
- Our Partner employee advisory panel, the Link, will report progress to the Bank's Board at least annually as well as to the Bank's Executive Committee. This gives TSB's Partners further influence on business strategy.

## Board approval

This statement has been approved by TSB's Board, who will review and update it annually.

Director's signature:



Director's name:

Richard Meddings, Chairman

Date:

26 March 2020

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Information is correct as at March 2020.

