

# Our Ethical Policy



The **co-operative bank**

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WE ALL WANT A BANK THAT DOES THE USUAL BANK STUFF.  
BUT THE USUAL BANK STUFF DOESN'T USUALLY MAKE BANKING  
SOMETHING THAT YOU REALLY CARE ABOUT. THAT'S WHY

***WE'RE NOT YOUR  
USUAL BANK***

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ON THE OUTSIDE WE'RE EVERY BIT A REGULAR BANK. BUT ON  
THE INSIDE WE ARE PROUD OF OUR PASSION

FOR ***VALUES, FOR ETHICS,  
FOR THE COMMUNITY.***

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FOR REAL PEOPLE WITH REAL LIVES.

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SO FOR OVER 20 YEARS, OUR UNIQUE CUSTOMER LED ETHICAL  
POLICY HAS GIVEN US A DIFFERENT APPROACH TO WHO WE DO  
BUSINESS WITH AND WHO WE SUPPORT.

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***WE BELIEVE OUR ETHICAL  
STANDARDS SHOULD BE CLEAR AND  
TRANSPARENT TO EVERYONE.***

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AND THAT'S OUR APPROACH TO BANKING.  
***FOR ALL THE RIGHT REASONS.***

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# FOREWORD

Our values and ethics have always been more than words on paper. They underpin how we run our business, distinguish us in the market place and run through everything we do. This document sets out our strengthened and expanded Ethical Policy and marks our recommitment to the values that underpin it.

We have listened to our customers and colleagues - more than 74,000 of them shared their views with us and have helped to shape the Policy. The volume of responses gives us confidence that our approach to banking is very relevant in today's world.

As we rebuild the Bank, we have continued to apply our Ethical Policy to how we run the business. We remain the only bank on the high street with a clear customer led ethical policy which gives customers a say in how their money is used. Adherence to co-operative values and ethics is now written into the constitution of the Bank to ensure that this vital aspect of our heritage is maintained.

Our customers continue to care about the major issues in the world today. But they also want the Policy to address issues nearer to home. Significantly, when asked what areas are most important to them, the two they felt the strongest about are two new areas: operating with honesty and transparency and promoting responsible banking. So, for the first time, we are formalising the Ethical Policy commitments around how we operate as a business.

We are extending our Ethical Policy by introducing four new areas. These cover the products and services we offer customers; how we run the business, including our relationships with suppliers and external stakeholders; how our workplace and culture reflect our values and ethics; and our approach to campaigning.

As part of our commitment to transparency, we will be publishing an annual Values and Ethics Report, which will cover how we have been fulfilling our commitments.

The launch of our expanded Policy is the fulfilment of an earlier commitment, an important step in our fight back to rebuild trust in the Bank and also demonstrate what makes us different. Our revised Ethical Policy demonstrates that we continue to lead the way in what it means to be an ethical bank. For anyone who shares our values and ethics, The Co-operative Bank is still the right bank for you.

## **Niall Booker**

Chief Executive

## **Laura Carstensen**

Chair, Values and Ethics Committee

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The Co-operative Bank has been rooted in strong and distinctive values and ethics since it was founded in 1872. The Bank grew out of the Rochdale Society of Equitable Pioneers, who came together on a basis of political and religious neutrality to stand up for one another and build a better society. Strong values are what our customers have expected from us ever since and in 1992, we became the first bank ever to have a customer led Ethical Policy.

Our Ethical Policy has continued to be shaped by our customers and embodies the values we share. The Policy remains unique in UK banking and now is the right time to recommit to those business values and ethics.

The Co-operative Bank believes that good business and ethics go hand in hand. We succeed by providing our customers with an ethical choice and, with success, our ability to effect positive change grows. Without a strong bank, we cannot provide our customers with the ethical choice they want.

This policy sets out how our business values and ethics shape the way we operate and the decisions we take. It has been developed in conjunction with our customers.

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*Saying*

**NO** **TO**

**OUR** **£1 BILLION**

**WORTH OF**  
**BUSINESS**

# CO-OPERATIVE VALUES

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AS A BUSINESS WITH DEEP, HISTORIC ROOTS IN THE CO-OPERATIVE MOVEMENT, WE HAVE ENSHRINED THE CO-OPERATIVE VALUES IN OUR ARTICLES OF ASSOCIATION.

 *These are*   
*SELF-HELP, SELF-RESPONSIBILITY,*  
*DEMOCRACY, EQUALITY, EQUITY*  
 *& SOLIDARITY.* 

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IN COMMON WITH ORGANISATIONS ACROSS  
*THE CO-OPERATIVE MOVEMENT,*

WE BELIEVE IN THE ETHICAL VALUES OF  
*HONESTY, OPENNESS, SOCIAL RESPONSIBILITY*  
*AND CARING FOR OTHERS.*

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OUR ETHICAL POLICY IS FOUNDED ON THOSE VALUES.

## The pillars of **our Ethical Policy**

We will strive to be ethical in everything we do. Our Ethical Policy ensures that the businesses and organisations to which we provide banking services are in tune with the values and ethics we share with our customers. But lending is just one dimension of what we do. We are therefore extending our Ethical Policy to cover more than just lending.

## **Our Ethical Policy** is built on the following five pillars:

- **Ethical banking**  
We do not provide banking services to businesses and organisations that conflict with our Ethical Policy.
  - **Ethical products and services**  
We seek to offer products and services that reflect our values and ethics.
  - **Ethical business**  
We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.
  - **Ethical workplace and culture**  
Our workplace culture reflects co-operative values and ethics.
  - **Ethical campaigning**  
We campaign for social and economic change in line with our values and ethics.
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# *OUR ETHICAL GOALS*

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OUR CUSTOMERS CHOOSE AN ETHICAL BANK  
BECAUSE THEY WANT TO ENTRUST THEIR MONEY  
TO AN ORGANISATION THAT RECOGNISES  
THE *SOCIAL, ECONOMIC* AND  
*ENVIRONMENTAL IMPACTS*  
 OF ITS ACTIVITIES, 

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AND SEEKS TO SHAPE THOSE IMPACTS  
*IN PURSUIT OF SHARED ETHICAL GOALS.*



## The seven goals at the heart of our Ethical Policy are:

- **Acting with honesty and transparency**  
We ensure we're honest and transparent in how we do business and engage externally.
  - **Being a responsible bank that treats customers fairly**  
We seek to run The Co-operative Bank responsibly and through our actions, ensure good outcomes for our customers.
  - **Promoting human rights and equality**  
We support the principles of the Universal Declaration of Human Rights.
  - **Promoting economic and social development in Britain**  
We seek to promote economic and social development in Britain, including through supporting charities and social enterprises, and through our support for co-operatives and the co-operative movement.
  - **Protecting the environment**  
We support small businesses and organisations whose activities promote a healthy environment and we seek to minimise our impact on the environment.
  - **Supporting international development**  
We seek to promote development and support the reduction of poverty in developing countries.
  - **Protecting animal welfare**  
We will not provide banking services to organisations which are involved in animal testing of cosmetics or household products or whose activities significantly degrade endangered animals' habitats.
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**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.



We make the following commitments:

### **Promoting human rights and equality**

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.

### **Promoting economic and social development in Britain**

We will not provide banking services to any business or organisation:

- That takes an irresponsible approach to the payment of tax in the UK and elsewhere.
- Whose core business focuses on irresponsible gambling as defined by relevant legislation.
- Whose core business is the provision of payday loans.

### **Protecting the environment**

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.
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- 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.

## **Supporting international development**

We will not provide banking services to any business or organisation that:

- Fails to implement basic labour rights as set out in the Fundamental UN ILO Conventions, e.g. avoidance of child labour, or that actively oppose the rights of workers to freedom of association, e.g. in a trade union.
- Impedes access to basic human necessities, e.g. safe drinking water or vital medicines.

- Engages in irresponsible marketing practices, e.g. with regard to tobacco products and manufacture.

## **Protecting animal welfare**

We will not provide banking services to any business or organisation:

- That is involved in the exploitation of great apes, e.g. in experimentation or general commercial use.
  - Whose activities significantly contribute to the degradation of endangered animal species' habitats.
  - Involved in animal testing of cosmetic or household products or their ingredients, intensive farming methods (e.g. caged egg production), blood sports (e.g. the use of animals or birds in sport to catch, fight or kill each other) or the fur trade.
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# ***ETHICAL PRODUCTS AND SERVICES***

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**Being an ethical 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. And it's about designing products and services that reflect our values and ethics 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.



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We make the following commitments:

### **A responsible bank that treats customers fairly**

- We will ensure we are fair to our customers in the fees and charges we apply. We seek to achieve this by ensuring we always explain fees and charges in plain language that customers can understand.
- We will help customers in financial difficulty. We seek to achieve this by:
  - Helping customers access guidance and support when they are in financial difficulty.
  - Adopting a responsible approach to lending and providing information to help customers recognise borrowing patterns that appear unsustainable or irresponsible.
  - Helping customers to avoid financial problems through the support of financial education.
- We base pay and rewards for branch and customer service staff on quality of service, good customer outcomes and control of risk rather than volume of sales.

- We will involve our customers in designing and improving our products and services to ensure we treat customers fairly and meet their needs.
- We will create a set of design principles for new products and services to ensure our products and services, wherever possible, are aligned to values and ethics while at the same time adding value for customers.

### **Promoting economic and social development in Britain**

- We are proud of our roots in the co-operative movement and are committed to the co-operative values they embody. To that end, we seek to support co-operatives, including through our membership of Co-operatives UK.
  - We seek to support charities and the broad range of organisations involved in the Social Enterprise sector that promote social and economic development in the UK including:
    - Charities.
    - Credit unions.
    - Community finance initiatives.
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- We seek to:
  - Provide customers with the opportunity to support causes aligned with our values and ethics through certain products and services we offer.
  - Support Community Development Finance Institutions that help finance small businesses and social enterprises whose objectives are to protect and create employment in the most socially deprived communities and drive investment in local economies.
  - Currently we provide banking facilities for around 60% of the credit union sector.

## **Protecting the environment**

We will seek to support small businesses and organisations whose activities promote a healthy environment, including those involved in:

- Recycling and sustainable waste management.
  - Renewable energy and energy efficiency.
  - Sustainable natural products and services (including timber and organic produce).
  - The pursuit of ecological sustainability.
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## **Supporting international development**

We will continue to lend to organisations that support fair trade and the provision of finance to the working poor in developing countries via microfinance.

## **Protecting animal welfare**

We will seek to support businesses involved in the development of alternatives to animal experimentation and farming methods that promote animal welfare (e.g. free range farming).





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# ETHICAL BUSINESS

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**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.

## **Operating with honesty and transparency**

As an ethical bank, our customers rightly expect us to conduct our business with honesty and transparency – in particular in our relationships with public institutions. We therefore make the following commitments:

- We will adopt the principles of best practice in our relationships with public institutions, as set out in the Association of Professional Political Consultants (APPC) Code of Conduct or equivalent bodies over time. We will also:
  - Publish details on a quarterly basis of all formal meetings on behalf of The Co-operative Bank between government ministers and members of the Bank's Board and Executive.
  - Never donate to a political party, politician or party political campaign group.
- We are committed to ensuring that The Co-operative Bank does nothing in its tax affairs that runs contrary to either the letter or spirit of UK tax legislation. As evidence of this, we are signatories to the Code of Practice for the Taxation of Banks.

## **Ethical governance**

The Co-operative Bank is dedicated to ensuring that values and ethics are at the heart of our governance as a business. We do this in the following ways:

- In November 2013, we codified values and ethical policies in the Bank's constitution by writing reference to them into our Articles of Association.
- We established a new, independently chaired Values and Ethics Committee as a sub-committee of the Bank's Board to ensure accountability for values and ethics.
- We report annually on our performance on values and ethics, and will publish details of the decisions we take under the Ethical Policy.

## **Environmental impacts**

The Co-operative Bank already adopts a 'beyond carbon neutral' policy offsetting our operational greenhouse gas emissions plus an extra 10% to address legacy issues.

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## Ethical supplier relationships

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:

- We require every supplier directly engaged by The Co-operative Bank to sign up to 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.



# ***ETHICAL WORKPLACE AND CULTURE***

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**THE CO-OPERATIVE BANK IS COMMITTED  
TO *CREATING AN ETHICAL WORKPLACE***

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**BOTH IN TERMS OF HOW WE TREAT OUR  
*EMPLOYEES,* AND HOW OUR  
EMPLOYEES TREAT OUR *CUSTOMERS.***

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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.
- Ensuring that all our employees are paid fairly, by seeking Living Wage Accreditation and paying our employees at least the Living Wage.
- 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 and company 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.
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## ***ETHICAL CAMPAIGNS***

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.

The Bank has a long history of supporting campaigns in line with our Ethical Policy. We were one of the first organisations to support international action against landmines, not only refusing to provide banking services to companies that profited from the trade in landmines, but going further and actively campaigning for change.

We believe we can make a difference by putting our support behind causes that receive too little attention and where the platform we can provide for a campaign can enhance its chances of success.

We therefore 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 a multiplicity.
  - The causes we support will be politically neutral.
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## **Customer consultation**

We will regularly reappraise customers' views on these and other issues and develop our Ethical Policy accordingly. From time to time, we will seek to represent our customers' views on the issues contained within our Ethical Policy and other ethical issues, for example, through our campaigning activities. On occasion we will make decisions on business involving ethical issues not included in our Ethical Policy. The Bank may also, from time to time, make changes to our Ethical Policy and we will disclose those changes in an open and transparent manner.

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## *OUR ETHICAL COMMITMENT*

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SINCE IT WAS ESTABLISHED OVER A CENTURY AGO,  
THE CO-OPERATIVE BANK HAS ALWAYS STOOD  
FOR *VALUES* AND *ETHICS* IN BANKING.

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— THROUGH THIS ETHICAL POLICY, —  
WE ARE COMMITTED TO ENSURING IT DOES SO



*for the future.*

**Please call 03457 212 212\* if you would like to receive this information in an alternative format such as large print, audio or Braille.**

**The Co-operative Bank p.l.c., P.O. Box 101, 1 Balloon Street, Manchester M60 4EP. Registered in England and Wales No. 990937.**

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