

# Our customer-led Ethical Policy

In 1992 we took a pioneering step.  
We became the **first UK bank to  
have a customer-led Ethical Policy.**  
And it's still unique to this day.

The **co-operative** bank  
Ethical then, now and **always**

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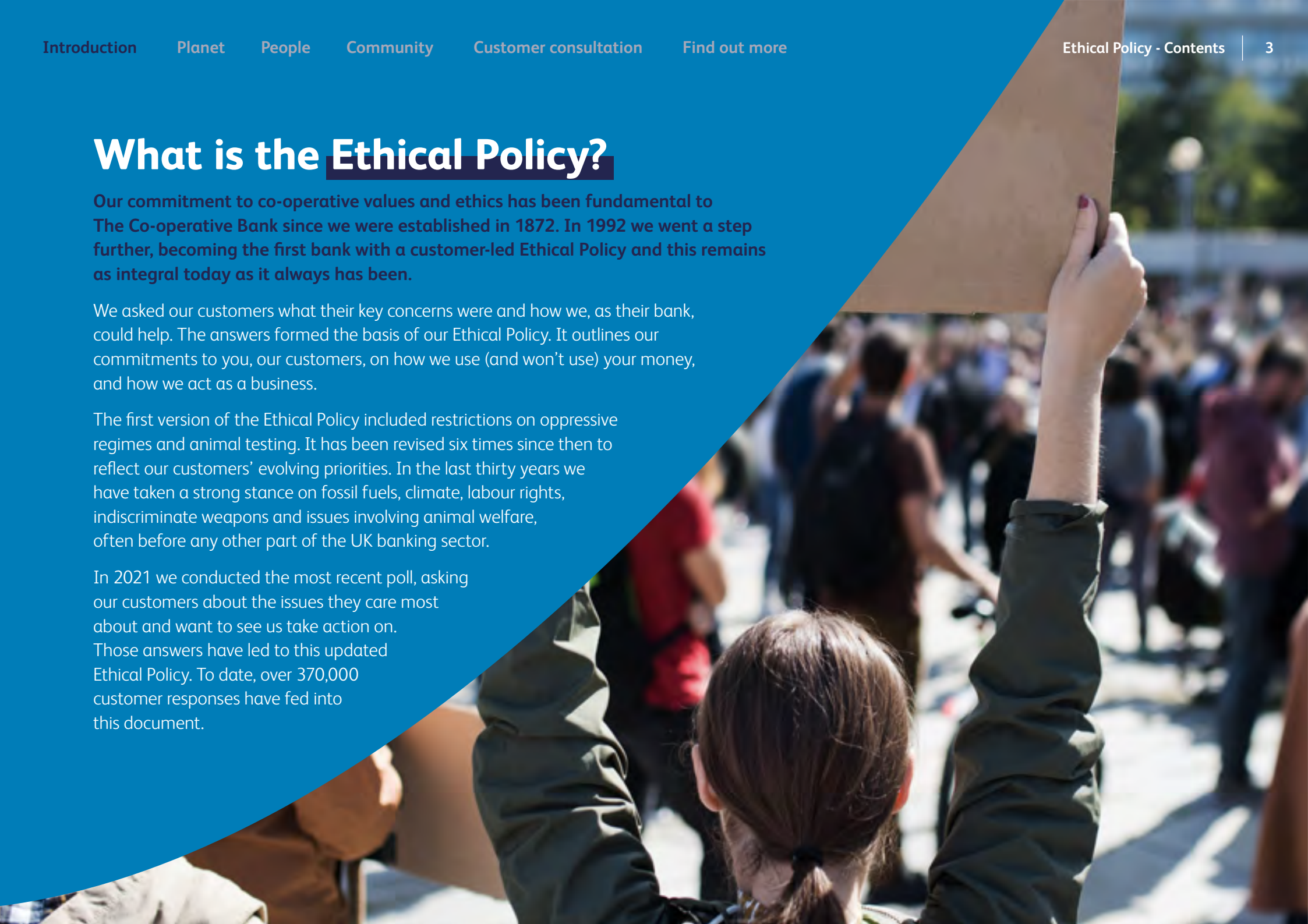
# What is the **Ethical Policy?**

Our commitment to co-operative values and ethics has been fundamental to The Co-operative Bank since we were established in 1872. In 1992 we went a step further, becoming the first bank with a customer-led Ethical Policy and this remains as integral today as it always has been.

We asked our customers what their key concerns were and how we, as their bank, could help. The answers formed the basis of our Ethical Policy. It outlines our commitments to you, our customers, on how we use (and won't use) your money, and how we act as a business.

The first version of the Ethical Policy included restrictions on oppressive regimes and animal testing. It has been revised six times since then to reflect our customers' evolving priorities. In the last thirty years we have taken a strong stance on fossil fuels, climate, labour rights, indiscriminate weapons and issues involving animal welfare, often before any other part of the UK banking sector.

In 2021 we conducted the most recent poll, asking our customers about the issues they care most about and want to see us take action on. Those answers have led to this updated Ethical Policy. To date, over 370,000 customer responses have fed into this document.



# Why is the Ethical Policy important?

**More and more people want their bank to operate with transparency and accountability. Despite this, we remain the only UK bank with a customer-led Ethical Policy.**

We believe that by acting together – and by acting co-operatively – we can have a significant impact in the areas people often feel powerless to influence.

This latest update to our Ethical Policy reflects the priorities of our changing world. It is structured around your concerns for our planet, for people and for our communities. Under each of these we outline our commitments and what we'll campaign for. It sets out the business activities we will refuse to fund or provide banking services for, and states the positive steps we commit to taking to help improve the world and the communities we live in; from biodiversity to social justice.

It's this document that makes us a different kind of bank.



# Founded on co-operative values

As a business with deep and historic roots in the co-operative movement, we have enshrined co-operative values into how we operate. Those values are self-help, self-responsibility, democracy, equality, equity and solidarity.

In common with organisations across the co-operative movement, we also believe in the ethical values of honesty, openness, social responsibility and caring for others.

This Ethical Policy is founded on those values.





# Planet

**We are committed to sustainable practices across our business – in our own operations, actions and decisions - and in how we enable our personal and business customers to make more sustainable choices. We seek to operate in ways that minimise further environmental harm and to take actions that measurably improve biodiversity and the environment.**

**These Policy amendments build on the strong environmental stand we have taken for over 30 years:**

- Since 1998, we have withheld finance from any business whose core activity contributes to fossil fuel extraction
- We were the first UK bank to sign the Paris Pledge, denying finance for coal mining and power generation
- We were the first UK bank with 'beyond carbon neutral' operations, a status we've maintained for over a decade

Our Ethical Policy commits us to:

## Protecting and enhancing the environment, biodiversity and animal welfare

### What we stand against and **won't** do

We will not provide banking services to any business or organisation whose activity contributes to global climate change or the destruction of ecosystems, via:

- The exploration, extraction or production of fossil fuels (oil, coal and gas, including from tar sands and hydraulic fracturing)
- The operation and development of fossil fuel fired power stations or fossil fuel infrastructure, such as oil and gas pipelines
- The exploration or extraction of minerals using deep seabed mining, including the conduct of research that facilitates deep sea mining
- The degradation of areas that are critical stores of irrecoverable carbon
- 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, fish and palm oil
- 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 will not provide banking services to any business or organisation that infringes animal welfare standards via:

- Involvement in the exploitation of great apes, e.g. in experimentation or general commercial use
- Activities that significantly contribute to the degradation of endangered animal species' habitats
- Involvement 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) the fur trade or speciality/exotic leather

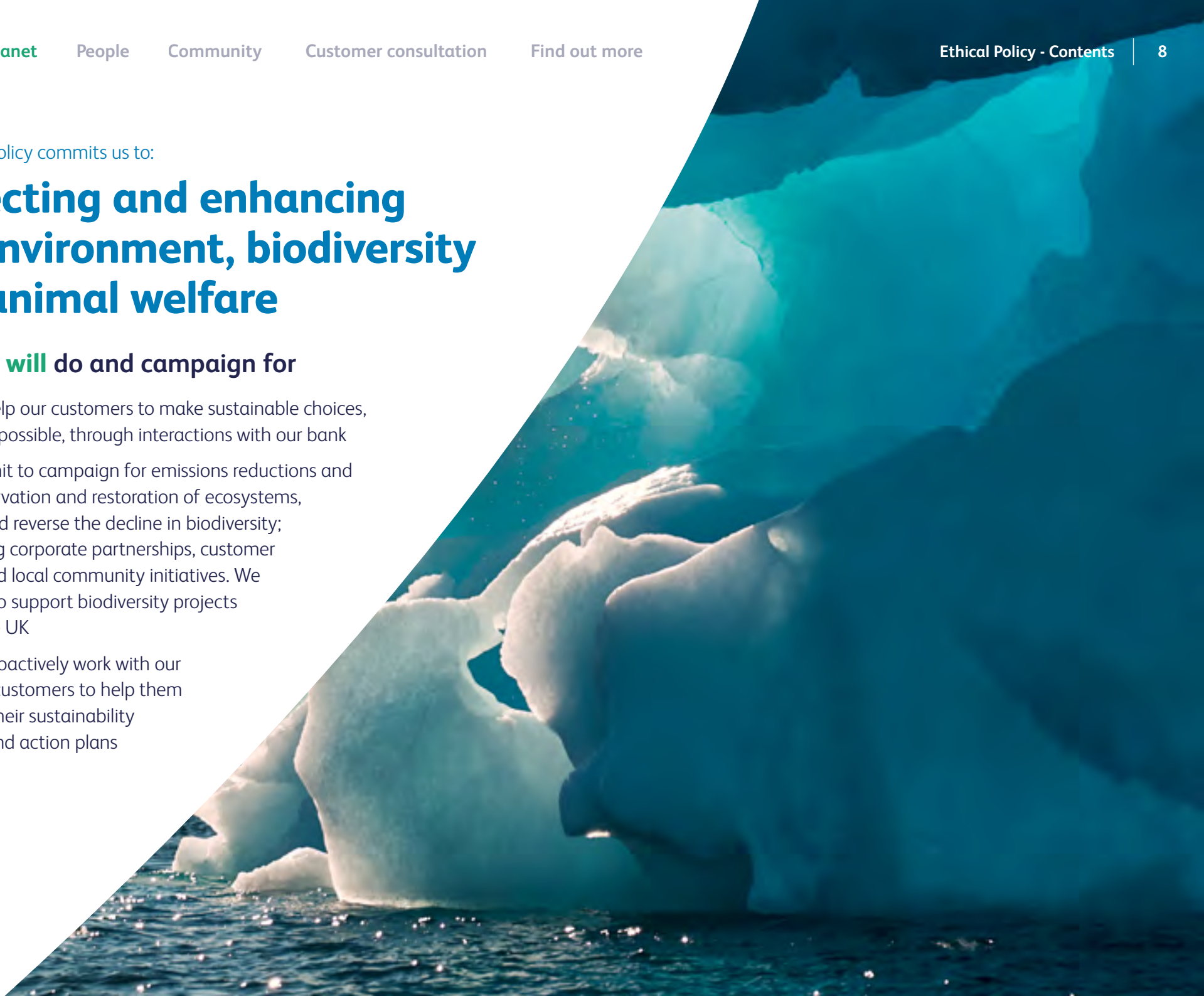


Our Ethical Policy commits us to:

## Protecting and enhancing the environment, biodiversity and animal welfare

### What we **will** do and campaign for

- We will help our customers to make sustainable choices, wherever possible, through interactions with our bank
- We commit to campaign for emissions reductions and the preservation and restoration of ecosystems, to halt and reverse the decline in biodiversity; combining corporate partnerships, customer action and local community initiatives. We will seek to support biodiversity projects within the UK
- We will proactively work with our business customers to help them develop their sustainability policies and action plans





Our Ethical Policy commits us to:

## Being a sustainable and ethical business

### What we **will** do and campaign for

We will seek to become a lifetime carbon neutral company, by:

- Continuing to reduce our carbon footprint in order to decrease our reliance on off-setting to maintain our beyond carbon neutral status
- As well as being carbon neutral in our operations, we commit to becoming a lifetime carbon neutral bank. This means calculating and taking responsibility for the bank's emissions since we were founded in 1872. We will work to establish a methodology to determine those emissions – and will make that methodology publicly available for others to use. We will then explore land management and carbon storage projects that allow us to compensate for those historic emissions

We are also committed to achieving net zero. We will continue to reduce all of our emissions, beyond carbon, and will set a target by which we will reach net zero in all our scope 1, 2 and 3 greenhouse gas emissions. For further details, please see our annual sustainability reports and disclosures.

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 assess whether the operations of suppliers we directly engage with are consistent with our Sustainable Procurement and Supplier Policy, which reflects our Ethical Policy
- We aim to work with our suppliers to manage our own environmental impact and support our Policy of being beyond carbon neutral
- We also seek to:
  - Use renewable electricity 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



# People

We are committed to acting in a way that supports individuals in being able to live freely, equitably and safely with consideration of both their physical and mental health. This includes how we treat our individual customers and colleagues and our support for human rights and equality around the world.

Our previous work has already had significant impact on the rights and wellbeing of people both here in the UK and across the world:

- We raised awareness and campaigned against the use of weapons such as landmines and cluster bombs, both of which were later banned. We are the only UK-based bank included in the **'Don't Bank on the Bomb' Hall of Fame** for denying finance for the manufacture or transfer of indiscriminate weapons
- Our joint campaign with domestic abuse charity **Refuge** pioneered a **'Financial Abuse Code of Practice'**, launched to ensure financial services providers are able to support those affected by economic abuse
- We partnered with **Centrepoin**t to provide access to help and advice for young people facing homelessness through their helpline



Our Ethical Policy commits us to:

## Promoting human rights, equality and socially just international development

### What we stand against and **won't** do

- We are committed to respecting human rights in all our business activities, including our provision of banking services, in line with the UN Guiding Principles on Business and Human Rights. As such, we will not provide banking services to any business, organisation or government that:
  - Fails in its responsibility to respect human rights and all elements of international human rights and humanitarian law applicable to business
  - 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 business relationships with an oppressive regime
  - Advocates discrimination and incitement to hatred
- 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)
- In addition to the above, the bank retains discretionary power to deny banking services to any business, organisation or government that we interpret as not meeting our ethical standards

Our Ethical Policy commits us to:

## Promoting human rights, equality and socially just international development

### What we **will** do and campaign for

- Campaign to drive meaningful societal change with our long standing key partners on issues such as homelessness, economic abuse, poverty and inequality
- Work to protect human rights and equality, both in the UK and abroad
- Work to ensure we have processes in place to identify, prevent and mitigate any adverse impacts of our business on human rights
- We also recognise the potential ethical issues with regards to the development and use of artificial intelligence, spyware, facial recognition and related technologies without appropriate governance and controls. We are committed to working with suitable partners to ensure that in the future the businesses and organisations we provide banking services to do not conflict with our human rights and ethical commitments



Our Ethical Policy commits us to:

## A responsible bank that treats customers fairly

### What we **will** do and campaign for

- 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 and fraud scams through the support of financial education
- We will involve our customers in designing and improving our products and services to ensure we treat customers fairly and meet their needs. We commit to continually assessing our products to determine if we need to adapt or create products to support vulnerable groups in society and improve access to banking services for all
- We have created a set of design principles to ensure new products and services, including those offered through or by our third-party partners, are aligned to our values and ethics while at the same time, adding value for customers. Any possible exception to these principles will only be made in order to comply with our regulatory obligations
- We will also strive to ensure that our products, product wording and communications are inclusive and respectful of the needs of our diverse customer base
- We believe in ensuring the right outcomes for our customers and are clear that one of the ways to achieve this is through rewarding colleagues for behaviours that link to achieving this. We therefore base pay and reward decisions for branch and customer service colleagues on quality of service, good customer outcomes and control of risk, rather than volume of sales
- We will uphold our Responsible Marketing Policy and be transparent about the use of customer data

Our Ethical Policy commits us to:

## An ethical workplace and culture

### What we **will** do and campaign for

- We are committed to creating an ethical workplace by:
  - As a minimum, paying our colleagues the real living wage, and not just the minimum as required by the government
  - Applying policies that provide for reasonable adjustments, flexible working and leave options to support colleagues through different life stages and events
  - Recognising the right of our employees to freedom of association, and welcoming trade union membership
  - Valuing the benefit of working closely with our recognised union, ensuring our dialogue is open and honest so that the voices of our colleagues are heard
  - Ensuring pay and rewards for all colleagues, including executives, are fair, responsible and clearly linked to achievable individual and company performance, including the creation of a sustainable value for all stakeholders
  - Ensuring that executive remuneration is linked to the delivery of our environmental, social and governance commitments
  - Prioritising our colleagues' mental and physical health by providing training, support and resources as well as fostering a safe environment for colleagues to be open about their needs
- We are committed to ensuring that our values and ethics are embedded in our workplace culture by:
  - Ensuring that the workplace values which govern our colleagues' behaviour are aligned with our Ethical Policy and co-operative values
  - Ensuring that all values and ethics are part of our mandatory code of conduct and that colleagues receive regular training on them
  - Regularly reviewing our policies and practices with a progressive mindset, ensuring they are underpinned by our values and ethics, and meet all legislative and regulatory requirements. Many of our policies include enhanced provisions where appropriate and are in line with our colleague focus
- We promote equality of opportunity and aim to create a culture and environment that attracts and retains a workforce that is representative of our society:
  - We support our colleague-led inclusion networks, helping them to drive social and cultural change internally and externally
  - We demonstrate our commitment to being an inclusive employer through taking part in and/or communicating our commitment to local and national inclusion initiatives
  - We operate a fair recruitment process that seeks to attract candidates from diverse backgrounds as well as endeavouring to work towards selection processes free from bias
  - We will monitor and address diversity related pay gaps as appropriate



# Community

**We are committed to being a good local, corporate and world citizen, working to improve all communities: domestic, international and remote (such as those found online). We commit to building stronger, more resilient, communities with economic and social opportunities for their members and will campaign for wider change when needed. We will continue to invest in our communities, good causes and co-operative businesses.**

**Our previous work has already strengthened communities:**

- In 2016, we launched The Hive, a partnership with Co-operatives UK to support the development and growth of the UK's dynamic co-operative and social enterprise sector
- Since 2003, our Customer Donation Fund has provided grants to charity and community customers to support local projects
- Our colleagues receive two paid volunteering days every year to support charities and community organisations



Our Ethical Policy commits us to:

## Promoting economic and social development

### What we stand against and **won't** do

- 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





Our Ethical Policy commits us to:

## Promoting economic and social development

### What we **will** do and campaign for

- 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 will 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

#### 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

#### We commit to being good digital citizens by:

- Regularly assessing the protections for users on social media platforms and taking appropriate action regarding any platform that fails to adequately protect users from false information or financial scams

#### We will support the SME business community by providing:

- Banking services, dedicated support and grants for charities, co-operatives, credit unions, community interest companies and community benefit societies to help them achieve their social goals
- A full range of borrowing options, including a commitment to an agreed level of lending to charity and co-operative customers each year
- Guidance and resources to support the implementation of ethical and sustainable best practices in order to help businesses thrive and improve their long term prospects

Our Ethical Policy commits us to:

## Operating with honesty and transparency

### What we **will** do and campaign for

- As an ethical bank, our customers rightly expect us to conduct our business with honesty and transparency – particularly 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
  - Publish details on a quarterly basis of all formal meetings on behalf of the 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 we do nothing in our 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
- In November 2013, the bank's co-operative values and ethical policies were written into our Articles of Association. We are dedicated to ensuring that values and ethics are at the heart of our governance as a business. We do this in the following ways:
  - Our independently chaired board level Values and Ethics Committee will continue to monitor compliance with the bank's values, ethics and sustainability strategy
  - We report annually on our values, ethics and sustainability performance, and will publish details of the decisions we take under the Ethical Policy
  - We will commit to having our annual values, ethics and sustainability reporting externally assured

Our Ethical Policy commits us to:

## Advocating for wider change

### What we **will** do and campaign for

- We commit to working with charities and likeminded organisations to champion and advocate for change on issues that matter to our customers and build better societies, in the UK and abroad. We commit to do so 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, 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



## 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.

The principles we adhere to, in the day to day application of our Ethical Policy, result from the bank making the best judgement possible, based on information available at the time. We constantly strive to enhance our Ethical Policy and to reflect periodic changes in society and related concerns of our customers.



# Ethical then, now and always.

Scan to find  
out more  
about our  
Values  
and Ethics



Or visit our website to get inspired at  
[co-operativebank.co.uk/values-and-ethics](https://co-operativebank.co.uk/values-and-ethics)

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The **co-operative** bank