

# Modern slavery statement.

Local banking  
for Britain



What's inside?	Page
Introduction	3
Our business	3
Our values	3
How we treat our partners	3-4
Working with customers	4
Our Supply chain	5
Due diligence	5
Reviewing our existing suppliers	
Assessing new suppliers	
Relevant policies	6
What next	6



# Introduction.

The Modern Slavery Act aims to stop people being forced to work, exploited or trafficked, including buying or selling them as 'property', or controlling them with mental or physical threat.

This statement sets out our actions to understand the modern slavery risks related to our business. And 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 2018.

Modern slavery is happening more often than people may realise and we recognise it may exist somewhere in our supply chain beyond our immediate suppliers. That's why we're committed to protecting people and acting to prevent slavery and human trafficking in our corporate activities.

## Our business

TSB is a values-led challenger bank with 549 branches across the UK, over 5 million customers, and over 8,000 employees, who we call Partners, and a large supplier network. We believe that bringing more competition to UK banking will ultimately make banking better for all UK consumers. 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. We call this 'Local Banking for Britain'. TSB is part of the Sabadell Group, which is Spain's fifth largest banking group. We share very similar values with strong traditions of focusing on and supporting hard working local people and businesses.

## Our values

We recognise the aim of the Modern Slavery Act and take our responsibilities seriously. Our values guide us in everything we do – treating others fairly with dignity and respect form the basis of the behaviours we expect from everybody in TSB, including our suppliers.

### We are:

- Responsible
- Straightforward
- Pioneering
- Collaborative
- Transparent



## How we treat our Partners

At TSB, we believe everyone has a right to be treated with dignity and respect, and 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 put policies in place that set out the values and behaviours we expect everyone to demonstrate, which helps our Partners to comply with regulatory conduct requirements. To make sure all Partners understand these policies we provide a range of training such as the TSB Experience. This transformational programme is focussed on how Partners behave with customers and each other. The TSB Experience is delivered to all new starters and incorporated into our learning pathways. Our values also form a key part of induction and welcome events, which all new Partners attend. Our managers have extra responsibilities that involve managing people, so we give them dedicated training, including sessions on 'Dignity and Respect at Work'.

We involve our Partners and their representatives in decisions that affect them. Our recognition agreement with our unions, Accord and Unite, aligns to our values and includes guidelines for how we negotiate and consult with them. The range of topics we consult on goes beyond what the law asks us to do.

'The Link', a forum formed of Partners across all levels, gathers and builds on Partner feedback and enables meaningful dialogue between Partners and the executive leadership. There are five regional groups covering Britain, made up of people from every part of the business. The outputs from every meeting are presented to the Bank Executive Committee to help inform our activity and strategic outlook.

We also ask our Partners to complete a survey and tell us what they think about working at TSB every year. In 2018, we partnered with 'Great Place to Work' for the third year, an independent global research and training consultancy that helps organisations create and sustain great workplaces. 78% of our Partners took part in the survey, our highest response rate to date.



Our union recognition agreement, 'The Link' forum, and our annual survey mean we have meaningful discussions with our Partners. So, everybody is well informed and has their voice heard.

We make sure we reward our Partners fairly and appropriately for the role they're doing. We target the total cash reward (basic salary plus TSB Award) at the mid-point of the relevant external market range. And, as an accredited Living Wage employer, everyone is paid at least the real Living Wage. This is independently calculated each year, based on what people need to support themselves and their families. Our total reward package includes a discretionary annual TSB Award, which is linked to business performance, and gives all our Partners the opportunity to receive the same Award as a percentage of their basic salary; a defined contribution pension scheme, with employer contributions of up to 13% base salary; and a Flexible Benefits scheme, where TSB gives a payment equivalent to 4% of base salary for Partners to use to select from a variety of benefits – such as private medical cover. In addition, Partners can take part in our share schemes.

### In 2018:

We're committed to creating a positive and inclusive culture and supporting the wellbeing of our Partners. Last year our signature wellbeing programme focused on:

- **Executive Sponsor.** We wanted to show that our commitment to wellbeing comes right from the top. Our Executive Sponsor Iain Laing, Chief Risk Officer, is a member of the Bank Executive Committee and a passionate campaigner for our Partners' wellbeing
- **Communications.** At least once a month we shared an update on wellbeing topics like sleep and relaxation, mindfulness and work-life balance. We supported Mental Health Awareness Week with a full campaign. We want our Partners to feel valued and know that their wellbeing is important. And we want to help them find support if they need it.
- **Wellbeing Ambassadors.** We've set up a network of 16 Wellbeing Ambassadors to champion our wellbeing programme. They raise awareness, signpost support and information, and organise activities. They keep everyone focused on wellbeing across all our sites, business areas and networks.

We've also received recognition of our excellent safety standards. The Royal Society for the Prevention of Accident's (RoSPA) health and safety awards recognises organisations which have shown commitment to accident and ill-health prevention. TSB achieved Gold standard in 2018 in the Achievement category, which measures health and safety management.

## 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.

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. To make sure the training is effective, we ask Partners to take a test at the end of the course and we track participation and pass rates.

Modern slavery has also been included in role-specific training provided to TSB's Financial Crime Operations teams. Partners in our Business Banking areas have also received specific training on modern slavery, helping them to understand how this may present itself in Business Banking situations.

### In 2018:

Our Financial Crime Risk team attend regular meetings of the Joint Money Laundering Intelligence Taskforce's Human Trafficking and Organised Immigration Crime working group. We've continued to develop our transaction monitoring capabilities, based on indicators and intelligence shared at these meetings.

We carried out a thematic review at the beginning of the year to assess our branch Partners' awareness of modern slavery. Area Risk Managers visited 48 branches across all three main branch Distribution regions and spoke to Partners about the issue. Although awareness was high, there's more we could do to make people aware of our guidance. As a result, we 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 Procurement policies in place to make sure our suppliers understand our values and apply those values to their own businesses. And our policies explicitly show our commitment to preventing modern slavery. We carry out 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.

Our Risk team are involved in all assessments for both new and existing suppliers. If we identify any suppliers as higher risk, we carry out an additional level of risk assessment.

## In 2018:

We've continued to apply our policy approach to our supplier base. In 2018, we commissioned an independent assessment of all our direct suppliers and our critical fourth party suppliers and supply chain providers to understand how well they prevent modern slavery in their operations and supply chain. The report showed that all the suppliers reviewed had good controls in place and we found no gaps or concerns. We've reviewed an external audit carried out on our staff uniforms provider, specifically the manufacturer who is based in Sri Lanka, which identified no material concerns about worker safety or labour rights for workers.

# 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. 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.

## In 2018:

We've continued to develop our understanding of modern slavery risks to make sure our checks are strong, and we don't miss any emerging risks. We monitor key suppliers to make sure they pay employees the National Living Wage and TSB funded the payment of 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.

## 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 their controls against modern slavery meet the same standards as our own.

## In 2018:

We've assessed all new suppliers and the evidence they've provided to confirm their controls against modern slavery meet our standards.

Our review showed our suppliers 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.



## Relevant policies

We have policies that set out a way to do business that supports our values. 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 is aligned to our values and makes it clear to Partners the standards and behaviours expected of them when representing TSB. 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 that 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 next for 2019?

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 extend the questions asked as part of our annual due diligence process to ask all our suppliers if they pay their staff the National Living Wage.
- 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 as well as to the Bank's Executive Committee. This gives TSB's 8,000 plus strong workforce further influence on business strategy.

## Board approval

This statement has been approved by TSB's Board, on 18 March 2019, who will review and update it annually.

**Director's signature:**

A handwritten signature in black ink that reads "Richard Meddings". The signature is written in a cursive, slightly slanted style.

**Director's name:**

Richard Meddings, Executive Chairman

**Date:**

18 March 2019

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Information is correct as at March 2019.

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