Modern Slavery Statement 2021
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Introduction

At TSB, we’re committed to preventing modern slavery and human trafficking in our corporate activities. Treating others fairly, with dignity and respect, form the basis of what we expect from everybody in TSB, including our suppliers. The steps we’re taking to understand associated risks related to our business and our supply chains are set out in this statement and refer to the financial year January to December 2021.
TSB is a retail bank serving over five million customers. With just under 6,000 employees, TSB is the seventh largest bank in the UK and part of the Spanish banking group, Sabadell.

TSB remains committed to its wider role in society and in July 2020 launched the Do What Matters Plan – our responsible business strategy, which shapes our business decisions in relation to our customers; colleagues; suppliers; communities; and the environment. The framework sets out how we deliver our purpose of Money Confidence. For everyone. Every day. It also contributes to delivering against international and national targets.

We’re signatories to the UN Global Compact corporate responsibility initiative and its principles on human rights, labour, the environment, and anti-corruption. We’re also accredited by the Good Business Charter, a national accreditation scheme acknowledging businesses that behave responsibly.

Our TSB behaviours of ‘feel what customers feel; look for better; say it straight; and do what matters’, guide our colleagues to deliver our money confidence purpose and comply with regulatory conduct requirements.
At TSB, we proactively focus on creating an inclusive culture where everyone can fulfil their potential and thrive. We believe everyone has a right to work in a safe and supportive environment, where all colleagues act responsibly and are encouraged to raise concerns when they think something’s wrong, for example through our Whistleblowing helpline.

Before joining TSB, all colleagues and temporary workers, including contractors, are taken through pre-employment vetting checks, which includes making sure they have the right to work in the UK. All colleagues are provided with a range of training programmes focused on how we get things done, how we work together and how we behave with customers.

Our colleagues receive a comprehensive total reward package, including a discretionary annual variable pay award; a defined contribution pension scheme, with employer contributions of up to 13% base salary; and a Flexible Benefits scheme. As an accredited Living Wage employer, everyone at TSB is paid at least the real Living Wage.

We involve our colleagues and their representatives in decisions that affect them:

- Our union recognition agreement with Accord and Unite includes guidelines for how we negotiate and consult with them. 99% of colleagues are included within the bargaining unit.
- ‘The Link’, a forum consisting of a diverse group of colleagues, provides regular feedback to our Executive Committee to influence our strategic activities. They also meet with our Board at least annually.
- Colleagues are invited to complete regular surveys and tell us what they think about working at TSB.

We continue to raise awareness of modern slavery and human trafficking by providing guidance and advice to our branch colleagues on spotting the potential signs of modern slavery and how to support affected customers. We require all TSB colleagues to complete ongoing mandatory core learning, and in some cases, enhanced training relevant to their role. This includes training on anti-money laundering and predicate offences, such as modern slavery, as well as a focus on vulnerable customers. This is further supported by regular internal communications highlighting the risks and impacts of modern slavery on our customers.
**In 2021:**

We remained committed to creating a healthy and inclusive working culture where all colleagues are empowered to do their best work. Listening was an important part of that:

- Our CEO and Executive Team maintained high visibility, sharing their priorities with colleagues and inviting and responding to questions raised during open forums.
- 79% of colleagues responded to our annual Colleague Experience Survey:
  - 90% said they would feel able to raise a concern internally if a colleague was doing something wrong which affects other colleagues, customers or the bank,
  - 92% said they understood TSB’s approach to the treatment of vulnerable customers.
- 60% of our executives partnered with colleagues from under-represented groups as part of our new TSB Reverse Mentoring programme, designed to gain a better understanding of the experiences of more marginalised colleagues.

**Colleague training included:**

- Bank-wide Criminal Activity Awareness Training – 95.8% of TSB colleagues have completed this training.
- Enhanced training was launched in November 2021 to more than 3,000 colleagues, to provide a deeper understanding of financial crime. Over 70% of colleagues have completed the training as of March 2022 and actions are in place to increase the completion rate.

**In 2022 we will:**

- Continue to give colleagues the opportunity to influence business strategy and directly update the Board and Executive committee via The Link, our colleague advisory panel.
- Launch new Leadership Expectations, which set out how our people managers are expected to behave to bring the purpose to life.
- Continue to run the Reverse Mentoring and Inclusive Mentoring programmes, enabling even more colleagues to experience inclusive leadership and have greater engagement with senior leaders.
- Publish an Inclusion Policy for all colleagues that sets out the approach to Inclusion in detail.
Our policies reflect the risks we need to manage at all stages of our customer relationships. This includes customer due diligence, customer risk assessment measures, and ongoing monitoring measures. A broad range of checks help us to identify financial crime risks, including modern slavery. We also work closely with law enforcement and other external agencies to ensure such risks are managed effectively and to understand the red flags that can help identify activity linked to modern slavery and human trafficking.

Modern slavery continues to pose a significant threat in the UK and is an area of focus for our Financial Crime Risk (FCR) team, who work proactively to identify potential victims and organised criminals among our customer base using transaction monitoring rules and threat analytics. The FCR team also participate in the Joint Money Laundering Intelligence Taskforce.

We recognise that fraud is a crime that directly funds criminal activity and is largely conducted by Organised Crime Groups, including those seeking to engage in modern slavery. TSB is playing a leading role in raising awareness of the fraud risk and helping to stamp it out. In 2019 we launched our Fraud Refund Guarantee (FRG), becoming the first bank to fully reimburse our customers who are innocent victims of fraud. Since the FRG was launched, we’ve refunded c.97% of claims from customers, compared to a banking industry average of less than 50%. The FRG helps us collect important data relating to fraudulent activities and allows us to work with the police and regulators to track down those responsible. We’re also a founding member of Stop Scams UK – the first cross-sector body designed to drive collaboration in the fight against fraud.
In 2021:

Sponsored by TSB, the UK Independent Anti-Slavery Commissioner issued an industry response to the research programme led by Themis. The report detailed the checks and measures firms have in place and incorporated a collective set of recommendations. TSB is analysing the recommendations to identify opportunities to enhance our prevention and detection tools.

TSB also partnered with the Gangmasters & Labour Abuse Authority, the UK’s intelligence and investigative agency for labour exploitation, to produce a video educating colleagues on some of the significant indicators of labour exploitation. This was published on our internal website and is accessible to all TSB colleagues.

In 2022 we will:

Continue to enhance our understanding of, and improve our response to, the prevention of modern slavery by:

• Educating colleagues by reinforcing understanding of the indicators of modern slavery and the importance of reporting it.
• Conducting pro-active trend analysis, data gathering and reporting to support the prevention and early detection of modern slavery.
• Building relationships with external experts and using insights from other organisations to understand best practice.
• Continuing to enhance our fraud controls to ensure that we keep up-to-date with changing methods and the latest technology.
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. Our supplier policies illustrate our commitment to preventing modern slavery, and we ensure our suppliers understand our business principles and apply those to their own businesses. Rigorous checks are carried out at every stage of the supplier relationship to assess risks of modern slavery. To date, no high priority findings have been identified and we have not had to exit a supplier relationship due to a breach of modern slavery principles.

Where we consider that new and existing suppliers may be in a higher risk category, a thorough review of their Labour Standards policy and modern slavery statements will be completed and, where appropriate, independent auditing of working conditions may be sanctioned. Higher risk categories include:

- overseas suppliers
- facilities management providers
- manufacturing, such as colleague uniforms
- temporary recruitment firms.

**Reviewing our existing suppliers:** annual due diligence checks are undertaken for higher risk suppliers, and we review their statements on their processes and controls against modern slavery. This includes their modern slavery statement where possible.

Our uniform supplier, based in Sri Lanka, sanctions a bi-annual external audit of its labour standards to ensure that their working conditions do not breach modern slavery principles. The report, provided to TSB for review, shows no breaches of modern slavery principles.

**Assessing new suppliers:** before new relationships with potential suppliers are established, we make sure their values align to ours. Checks include corporate and social responsibility practices, labour standards 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 2021:

We’ve continued to develop our understanding of modern slavery and any emerging risks to ensure our checks for existing and new suppliers remain effective. Working closely with industry peers, we’ve enhanced modern slavery due diligence checks performed on our suppliers. TSB has continued to fund the payment of the National Living Wage to employees of our facilities management supplier, and we’ve monitored other key suppliers to ensure their employees are also paid at this national rate.

A review of all new and existing suppliers showed their controls against modern slavery meet our standards, they have a good awareness of the dangers of modern slavery, and no material concerns around their working practices were identified.

In 2022 we will:

• Conduct deep-dive reviews on high-risk supply chain colleagues, and work with all our suppliers to improve their labour standards if an issue is identified.

• Introduce the TSB Responsible Supplier Charter onto the TSB public website. This Charter provides potential and existing TSB suppliers with headline information about working with TSB and our expectations in key areas, including labour standards.
TSB policies:

• Relevant policies set out the way we 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 ensure modern slavery risks are fully considered, particularly within the supply chain. These include:

• Anti-Money Laundering & Counter Terrorist Financing policy – requires colleagues to report any knowledge or suspicion of financial crime, including modern slavery and human trafficking, to TSB’s Nominated Officer, who assesses and decides whether there are grounds to make an onward disclosure to the National Crime Agency.

• Whistleblowing policy – encourages colleagues to report any concerns related to TSB activities and those of our suppliers, including suspicion of criminal activity.

• Customer Treatment policy – includes specific provisions to make sure we take care of vulnerable customers. Colleagues are trained to spot these customers at an early stage and provide appropriate support where they can.

• TSB Supplier policy – commits to making sure our suppliers adhere to the highest standards of ethics by asking them to demonstrate that they provide safe working conditions, treat workers with dignity and respect and act ethically and within the law.

• TSB Employment policy – requires compliance with relevant employment legislation, regulatory requirements, and TSB’s people policies, including the recruitment and vetting of all new hires.
Board approval

This statement has been approved by TSB’s Board.

Nick Prettejohn, Chairman

Date: 23 May 2022
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Information correct at June 2022.