

RBS Sustainable Procurement Code

This document sets out RBS's approach to procuring products and services in a responsible and sustainable way.

Introduction

As part of our long term objectives as a business, we are committed to managing the wider social, environmental and economic impacts of our operations to ensure a positive influence on the places and people we work with, and the global community as a whole. This approach covers all aspects of our business, including the way we treat our customers, the policies which dictate our lending to high-impact sectors, and the way in which we manage sustainability issues in our supply chain.

The size and reach of our business means we purchase goods and services from a large number of suppliers across the world. Our relationships with these suppliers are based on fairness, transparency and integrity. We expect suppliers to uphold the same values and commitments that we have made in relation to human and environmental impacts and to manage their approach to sustainability effectively and for the long term.

In 2014 we gained accreditation as a Living Wage Employer from the Living Wage Foundation. This means that as well as paying our own employees the UK Living Wage, we committed to extend it to our contractors and suppliers across the UK.

Section 1: Our commitments

When building sustainable supplier relationships we are committed to:

- Treating our suppliers with integrity and respect
- Conducting our supplier tendering and assessment process in a fair and honest manner, with openness and integrity, in line with legal and regulatory requirements
- Promoting the principles of inclusion, development, compliance and the continuous development of our supplier diversity and inclusion approach

- Engaging with suppliers in line with our internal Procurement Policy, which sets out key controls covering operational, regulatory, legal and business risk
- Paying our suppliers promptly and giving them clear guidance on our payment procedures
- Carrying out regular sustainability assessments of our key suppliers, such as screening our suppliers periodically, including against applicable sanctions lists.
- Reporting regularly on the implementation of our Sustainable Procurement Principles
- Making whistleblowing channels available, allowing suppliers to report unethical conduct with regards to their relationship with RBS.

Section 2: Our expectations of suppliers

We expect our suppliers to prioritise the following:

Community Initiatives

- Develop or support initiatives which help support and strengthen communities

Diversity

- Eliminate all forms of discrimination on the grounds of race, ethnicity, gender identity, sexuality, age or disability

Environment

- Manage their operations in accordance with good environmental practice, including policies and procedures to reduce greenhouse gas emissions, energy use, water use, waste generation, consumption of finite natural resources and pollution of land, air and water
- Develop products and services which can be utilised to help improve our own environmental performance

Standards & Principles

- Sign up to relevant codes of industry best practice and voluntary standards
- Where relevant, follow the same codes of standards and principles to which RBS is committed to upholding
- Ensure that as a supplier to RBS, pursuant to an Order issued to RBS by the Federal Reserve, that ex-RBS staff can never be used to deliver services back into RBS if they have; participated in any misconduct in relation to the Foreign Exchange Market; and, been subject to formal disciplinary action as a result of RBS's internal disciplinary review in

connection with the misconduct; and, left RBS or a subsidiary of RBS or had his / her employment terminated in connection with the misconduct.

Sustainability Risk Management

- Identify and mitigate environmental, social and ethical risks that exist within their sector and their own supply chain.

Section 3: Unethical and / or unsustainable practices

Suppliers shall not engage in any of the following:

Bribery and corruption

- Corruption, extortion or bribery

Sanctions breaches

- Providing services to RBS from a territory subject to comprehensive sanctions.

Misuse of data

- Failure to meet data protection requirements for staff, customers and clients

Discrimination

- Discrimination on the basis of race, ethnicity, gender, sexuality, age or disability

Environmental impact

- Environmental damage to nationally or internationally protected areas including UNESCO World Heritage sites, Ramsar sites, Man & Biosphere sites, and FSC High Conservation Value Forests
- Damage to plants and animals listed on the IUCN Red List of critically endangered species

Human rights breaches

- Failure to support and respect the protection of internationally proclaimed human rights.

Labour standards breaches

- Child labour, including but not limited to Article 3 ILO Convention 182
- Forced labour, as defined by the ILO Convention C029
- Failure to meet the requirements of the Modern Slavery Act, which covers the offences of slavery, servitude, forced and compulsory labour and human trafficking
- Failure to uphold the freedom of association and the effective recognition of the right to collective bargaining

- Failure to meet minimum wage requirements and provide a healthy and safe working environment in accordance with national and international legislation

Legal and regulatory non-compliance

- Any failure to adhere to applicable national and international laws and regulations

Further Information

Definitions

Child Labour: <http://www.ilo.org/ipec/facts/lang--en/index.htm>

Forced Labour: <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

Modern Slavery Act: [Modern Slavery Act](#)

Freedom of Association: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/freedom-of-association/lang--en/index.htm>

Collective Bargaining: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/collective-bargaining/lang--en/index.htm>

Relevant RBS Policies

[Code of Conduct](#)

[RBS Anti-Bribery and Corruption Statement](#)

[RBS Anti-Money Laundering Statement](#)

[RBS Environment Statement](#)

[RBS Environmental Social & Ethical Policies](#)

[RBS Statement on Human Rights](#)

[RBS Whistleblowing Service Worldwide](#)

Standards & Principles that RBS is subject or signatory to:

[The Equator Principles](#)

[The International Labour Organisation's Declaration of Fundamental Principles and Rights at Work](#)

[The OECD Guidelines for Multinational Enterprises](#)

[The Prompt Payment Code](#)

[The Rio Declaration on Environment and Development](#)

[The United Nations Global Compact](#)

[The Universal Declaration of Human Rights](#)

[The United Nations Guiding Principles on Business and Human Rights](#)

[The United Nations Environment Programme Finance Initiative](#)

[The Women Empowerment Principles](#)

Reporting Initiatives

[AA1000 \(2008\) Assurance standard](#)

[Carbon Disclosure Project](#)

[Dow Jones Sustainability Index](#)

[Global Reporting Initiative](#)

[More information on becoming a supplier to RBS](#)