

Annual statement (2018): RBS's approach to the Modern Slavery Act

Introduction

RBS Group, as a major UK financial institution, is committed to support the objectives and requirements of the Modern Slavery Act 2015. The serious criminal offences of slavery, servitude, forced or compulsory labour and human trafficking are brought together under one piece of legislation. The intention of the MSA is to protect victims, bring perpetrators to justice and provide more effective tools for law enforcement.

The MSA places disclosure obligations on large companies operating in the UK such as RBS. Such companies must publish an annual statement setting out the steps they have taken to ensure modern slavery does not exist in their business and supply chains. We welcome the MSA and its aim to eradicate modern slavery.

Summary of steps and approach to the Modern Slavery Act

This is the RBS Group's second annual statement. In it we set out our approach to the MSA, the steps we are taking to protect victims and potential victims of modern slavery, and our aim to prevent and eradicate modern slavery in our business and supply chain.

Steps taken since publishing our first statement in 2017:

- RBS has ensured there is no modern slavery in our business and supply chain through the continued implementation of policy covering our customers, colleagues and suppliers.
- Continue to review RBS's approach to modern slavery through an internal bank-wide working group.
- In 2018 we have taken steps to seek to ensure that slavery and human trafficking is not taking place in our supply chains. We have updated and enhanced our Sustainable Procurement Code, now referred to as the Supplier Code of Conduct (SCoC). The SCoC continues to be a contractual requirement with suppliers as do the due diligence questions that are asked as part of our tender process. We have also continued to work to meet our commitment to the Living Wage Foundation to extend our commitment made to paying our own employees the UK Living Wage, to staff who are employed via suppliers.
- An awareness raising webinar on Modern Slavery was held for Financial Crime Advisory, Financial Crime Investigations and Fraud teams with over 75% live attendance (with more via replay).

Our approach

We have categorised our operations, business and supply chain into three groupings: colleagues, suppliers and customers, as described below. By using this lens we are able to help identify where risks lie and be in a position to address them.

Victims of modern slavery

We are conscious of the people who lie at the heart of this legislation: the victims and potential victims of modern slavery. The UK Prime Minister, Theresa May, has described modern slavery as “the great human rights issue of our time”. We want to help eradicate and prevent modern slavery.

Our organisational structure, business and supply chain

RBS is a UK and Ireland based banking and financial services institution. The RBS Group includes brands such as the Royal Bank of Scotland, NatWest, Coutts and Ulster Bank. RBS, through its different businesses, provides services to c.18 million customers in the UK and Ireland.

RBS has almost 71,000 employees operating predominantly in the UK and Ireland, with a presence in India, and smaller operations in Western European countries, Asia and the US. More information about our business and structure is available in our [Annual Report](#). In support of these operations, RBS purchases goods and services from a large number of suppliers, the majority of which are based in the UK and Ireland.

Our business and supply chain processes are underpinned by the three lines of defence risk management model, which is operated industry-wide. More information about this model can be found in our Annual Report.

Governance

Our approach to how RBS implements the requirements of the MSA was approved by a bank-wide working group with representatives from relevant bank functions and business areas. This statement has been reviewed by the Group Reputational Risk Forum, Executive Committee, and approved by Group Board.

Our policy commitments

RBS has a robust policy framework, in which modern slavery (incorporating human trafficking) was already prohibited prior to the MSA. We have reviewed relevant policies to ensure they comply with the legislation and support its spirit. The purpose of our policies is to prevent, identify and address incidents as and when they arise. Click on the tabs in this infographic to find out more about our how our policies address modern slavery:



Our colleagues

We expect all colleagues to be treated fairly, with respect and dignity. In the UK, RBS was an early adopter of the Living Wage, accredited by the Living Wage Foundation. This is being extended to colleagues who are employed via suppliers. All employees are recruited legally and must meet the 1998 Immigration Act requirements, as well as relevant background checks. The bank's code of conduct, 'Our Code', applies to all RBS colleagues (which includes employees, contractors and agency workers). This sets out the bank's values and expectations of colleagues, and includes a clear commitment to human rights. The Yes Check is the tool RBS introduced during 2013 to guide colleagues to do the right thing and make good decisions first time round. Additionally RBS has a Speak Up process, which allows employees to report confidentially and anonymously any conduct and behaviour that falls short of the bank's Values and Our Code. During 2017 there were no referrals to Speak Up regarding MSA related breaches. These, together with our values, underpin our general approach to making good and ethical decisions.

We have ensured that our colleagues have access to information about the MSA via our internal intranet. We also provide tailored training to employees operating in high risk areas, including Supply Chain Managers.

Our suppliers

We require our suppliers to uphold the same values and commitments that we have made in relation to social, environmental and economic impacts, as set out in our Supplier Code of Conduct (SCoC) – found on RBS.com – and other bank policies. Adherence to these policies is required as

part of our supply chain tendering process and through our standard supplier contracts. Additionally, suppliers are expected to implement the standards of the SCoC with their own suppliers. Prior to the introduction of the SCoC in 2018, our requirements were communicated through the Sustainable Procurement Code which also prohibited violations of the MSA. We have embedded the MSA within our supply chain processes including the SCoC to refer to requirements under the legislation, and reinforcing the existing commitments we had, such as meeting international labour standards. Additionally, our supplier tender process includes specific questions of suppliers in relation to the MSA. In the countries in which we operate we also expect our suppliers to comply with national legislation. In 2017 there were no known instances of suppliers not meeting these commitments.

Since 2014 RBS is a fully accredited Living Wage Employer with the Living Wage Foundation. We have extended the commitment made to paying our own employees the UK Living Wage, to staff who are employed via suppliers (e.g. cleaning, security and catering staff).

Our Whistleblowing Speak-up channel is available to suppliers, allowing them to report unethical conduct with regards to their relationship with RBS. The Whistleblowing Channel is brought to the suppliers attention through the SCoC. We have taken steps to review our supply chain and ensure that Supply Chain Managers in all jurisdictions have an understanding of what modern slavery is, and how to identify and address it within the supply chain. We have delivered training to relevant employees, with a particular focus on Supply Chain Managers responsible for high risk activities such as cleaning, security and catering staff.

Our customers

Our relationship with our customers is governed by a wide range of risk considerations, including our Reputational and Environmental, Social and Ethical (ESE) risk framework, and anti-money laundering and financial crime procedures. The activities of our customers can have ESE impacts including human rights infringements. To help us assess and manage these risks we conduct due diligence on relevant customers and transactions (when deemed appropriate), considering their impacts.

We have taken steps to ensure that our commitments under the MSA are embedded within our ESE risk management policies and processes. Modern slavery was already prohibited within such policies. The updated policies now make explicit reference to the MSA. To help eradicate modern slavery we have taken steps to develop awareness of these crimes and human rights abuses and embed information about the MSA into ESE training. This will help front line teams identify and escalate concerns about customers' potential involvement in modern slavery.

RBS has ESE risk policies for nine industry sectors which present higher ESE risk. For commercial customers operating outside of these nine sectors, e.g. retail or manufacturing, our general ESE Risk Concerns apply. This includes managing any identified incidents of modern slavery. An assessment is completed where an ESE Risk Concern is identified. During 2017, no cases of Modern Slavery were identified associated with customers covered within our ESE risk management process. More information about due diligence in our ESE process can be found on [RBS.com](https://www.rbs.com).

In addition to internal training, we take a risk-based approach to accepting new customers and managing existing customers. When we believe there is an increased risk, our checks could include undertaking media searches or assessment of non-governmental organisation (NGO) reports about the customer. Should we identify potentially negative reports, this triggers specific due diligence, which includes analysis of the allegations and, where appropriate, a full investigation. We are aware that as a High Street bank we come into touch with millions of customers, some of whom may be victims of modern slavery. Our fundamental approach to the MSA is about protecting victims and where necessary we work with the police and other local law enforcement authorities to combat criminal activity.

Engaging with external stakeholders

Since the publication of our interim statement in 2016 we have continued to engage with external stakeholders. The feedback we received has been invaluable in identifying gaps in our steps and disclosure, which we hope to have either addressed in this statement or will look to do so as our approach develops.

Our approach includes ongoing collaboration with our peers and other businesses to understand how they are approaching the MSA, keeping abreast of changes in policy, growing our understanding of the issues, and listening to the UK Government, NGOs and communities.

We recognise this is an ongoing process and welcome input from external stakeholders about our approach. Please contact Group.Sustainability@rbs.co.uk if you wish to share information with us or discuss our approach further.



Ross McEwan
Chief Executive

Further information and useful links

More information about our approach to sustainable banking is available on our website.

Useful links:

[Sustainability pages website](#)

[Annual Report & Accounts](#)

[Supplier Code of Conduct](#)

[Modern Slavery Act website](#)

[Human Rights Statement](#)

[Managing Environmental, Social and Ethical \(ESE\) risk website](#)

[Our Code](#)