

Modern Slavery Statement.

2019

Introduction.

Tackling Modern slavery and human trafficking remains a critically important issue for UK business and Tesco Bank takes its obligations in this respect very seriously. Modern slavery is a hidden crime which has no place either within our business or supply chain and Tesco Bank has adopted a zero tolerance to it.

We published our first statement in June 2017 and since then have continued to:

- Strengthen our work in areas of our business where the risk of exploitation is the greatest.
- Raise awareness and build capacity within our internal teams and our suppliers.
- Establish a working group, at Group level, to respond to risks identified.

This statement refers to the financial year ending 28 February 2019. It sets out the steps that Tesco Bank has put in place to prevent modern slavery and human trafficking and what action we will be taking over the coming year to continue to tackle the issue.

This report was written in conjunction with Tesco plc. The majority of the policies and processes referred to are Tesco plc policies that cover the entire group.

Our business.

Tesco Bank, a wholly owned subsidiary of Tesco, is a financial services company providing a range of banking and insurance products.

Headquartered in Edinburgh, we serve the UK retail financial services market. We employ around 3,700 colleagues, who serve our customers from three main centres in Edinburgh, Glasgow and Newcastle.

We have a supply chain with around 915 active suppliers, most of which are long term relationships. Our main categories of purchasing spend are technology, property, banking services and consultancy. The majority of our suppliers provide services from within the UK, with only a small percentage from Europe and an even smaller number from the rest of the world.

Since our last modern slavery statement published in July 2018 there have been no significant changes in our business structure or product portfolio.

If there are any changes in our business model our position regarding modern slavery will be reviewed immediately.

Tesco Bank Policy.

Tesco Bank understands that people lie at the heart of this legislation. Our business is built around people – our customers, colleagues, suppliers, the communities that we serve – and we know that we have a responsibility to respect their human rights.

Tesco Bank does not tolerate slavery, human trafficking, forced labour, child labour or child exploitation. As part of the wider Tesco family, we have a robust strategy in place for tackling modern slavery which is supported by Tesco's Code of Business Conduct, Human Rights policy and overall approach to human rights. These policies apply to the entire Tesco group and set out our obligations to customers, colleagues and communities across our own operations and supply chain.

We take any breach of our policies or allegations extremely seriously and we provide independent and confidential 'Protector Lines' that enable our colleagues, suppliers and their staff to raise any concerns.

Any concerns regarding human trafficking or modern slavery are reported through colleague reporting lines and our supplier risk channel. If an issue of significant magnitude arises, it would be reported to Tesco's Group Responsible Sourcing Director and the Board's Corporate Responsibility Committee.

In 2018 a Tesco modern slavery working group was also formed that meets quarterly, at a minimum, to monitor progress against our Group modern slavery strategy. This group is chaired by the Group Responsible Sourcing Director.

Procedures adopted to assess and manage slavery and human trafficking risk.

As a UK-based financial services organisation, we believe the risk of modern slavery within our own business to be low. We recognise, however, that through our supply chain we could be indirectly exposed to the risk of modern slavery and human trafficking.

Aligned with the process taken elsewhere in the Tesco group, we continue to review our processes and supply chains to identify areas where workers are more vulnerable to abuses like slavery.

As part of this process we considered:

- The types of service provided by our suppliers.
- The type of labour used, for example seasonal, permanent or agency.
- Whether there are any known issues in the country of origin of our suppliers.
- Whether there are any issues in the country where services are provided, which may feature further down the supply chain for example in relation to the sourcing of materials and components.

As there have been no significant alterations to Tesco Bank business activities in the past twelve months, our vulnerable areas (catering and cleaning) remain unchanged.

1. Tackling Modern Slavery – Our Supply Chain.

Tesco Bank engages with a number of external suppliers who help to deliver high quality services to our customers. We expect all of our suppliers to operate in an ethical, responsible, open and transparent manner and be compliant with all applicable laws and regulations. As part of our Procurement & Supplier Management Policy Tesco Bank will only engage 3rd parties who support ethical business practices. Our suppliers are asked to sign up to the Tesco Bank Supplier Code of Conduct (or demonstrate that their own Code meets a similar or greater standard), and also specifically confirm that they comply with the Modern Slavery Act. In addition our supplier managers check that all our 3rd party suppliers have an up to date Modern Slavery Statement as well as checking that they have appropriate policies for their business and supply chain.

As part of our standard supplier management activities, Tesco Bank have conducted specific themed reviews on those 3rd parties providing services which could be more vulnerable to labour abuse to gain comfort that their policies and practices ensure that modern slavery does not occur in their business or supply chain.

Over the past year, we have extended our modern slavery training to cover all non-customer service colleagues, with over 1500 staff having completed the online training module. In conjunction with our parent company, Tesco plc, we continue to encourage our suppliers to participate in appropriate modern slavery training (including Stronger Together; interactive workshops delivered by industry specialists, which focus on practical skills to equip businesses to tackle modern slavery).

2. Tackling Modern slavery – Our business.

Recruitment and Employment

Tesco Bank has appropriate recruitment processes and procedures in place, including conducting eligibility to work in the UK checks for all employees to mitigate against human trafficking or forced labour.

The majority of our colleagues are employed on permanent or fixed term contracts, however, when temporary staff are needed, Tesco Bank only uses reputable employment agencies. All recruitment agencies are also subject to additional due diligence by our People and Procurement teams and we always verify the practices of new agencies before engaging any new staff. We have long-standing relationships with the majority of agencies and are assured of their practices from previous experience and their reputation in the marketplace. If we engage any temporary staff from agencies, they are always thoroughly checked prior to their appointment by the agency, which safeguards against modern slavery. All temporary staff are Pre-Employment Screened (PES) in accordance with our permanent and Fixed Term Contractors (FTC) Pre-employment Screening standards to ensure consistency of approach.

Education, Training and Ethical Standards

In addition to having suitable policies in place, Tesco Bank understands that a key part of our commitment to the Modern Slavery Act is to ensure all colleagues understand what modern slavery is and comply with the highest ethical standards and integrity. We have embedded this in our business via the Tesco Values, our colleague Code of Business Conduct and training in support of colleague duties under the FCA's Conduct rules.

Whistleblowing

In order to ensure that we detect, report and importantly prevent modern slavery within our organisation and supply chain, we encourage all colleagues to raise any concerns or suspicions at the earliest possible stage, without fear of reprisal. All colleagues are, therefore, given guidance on our whistleblowing policy and procedures, and have access to an external and anonymous 'Protector line'. Contact details for reporting to external organisations are included in the training materials.

Next Steps

Over the next 12 months we will continue to strengthen our approach to managing the risk of modern day slavery within our business and ensure our strategy is responsive to changing risks. In particular, we will aim to:

- Extend the training on modern slavery risks to cover all our Customer Services colleagues across the bank, with specific emphasis on how to identify the indicators and signs of modern slavery within financial services
- Continue to encourage key suppliers to attend 'Stronger Together' training
- Assess Tesco Bank's ability to utilise Tesco plc's responsible sourcing resources.
- Development of Tesco Bank's long term strategy and action plan for tackling modern slavery and human trafficking within the supply chain as part of our wider Supplier Management activities.
- In addition to the completion of further targeted reviews on our highest risk supply chains, which remain catering and cleaning contracts, we will continue to identify areas of potential concern and additional improvement opportunities.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our group's slavery and human trafficking statement for the financial year ending 28 February 2019.

