

# Modern Slavery Statement.

2020

## 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.

Since we published our first statement in June 2017, we have gained greater insight into risk and trends relating to modern slavery that have enabled us to strengthen our approach. Over the past 12 months we have:

- Equipped 99% of Tesco Bank colleagues with the necessary training to identify and take action to prevent the risk of modern slavery.
- Continued to strengthen our work in those areas of our business where the risk of exploitation is the greatest.
- Studied the recommendations on 'Transparency in Supply Chains' within the Independent Review of the Modern Slavery Act 2015: Final Report as part of research to support the development of a long-term strategy and action plan for tackling modern slavery and human trafficking within the Tesco Bank supply chain.

This statement refers to the financial year ending 28 February 2020 and Board approval was given 29th June 2020. 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 and ensure our strategy responds to changing risks.

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 920 active suppliers, most of which are long term relationships. Our main categories of purchasing spend are technology, banking services, property 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 2019 Tesco Bank has made one major change to its product portfolio:

- The sale of its Mortgage business which concluded March 2020. Tesco Bank exited six suppliers as part of this transaction, including one Material Outsource provider. Appropriate due diligence was conducted on the purchasing entity - a large UK Financial Services provider with a strong commitment to ethical and responsible operations.

Should there be any changes in our business model in the coming period 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 recognise our 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.

Tesco monitors progress against the Group modern slavery strategy through our modern slavery working group which meets quarterly, at a minimum. This group is chaired by the Group Responsible Sourcing Director.

As members of the Institute of Human Rights and Business Responsible Recruitment Leadership Group, Tesco actively support the Employer Pays Principle that 'No worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer.'

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.

## 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.

We consider the types of service provided by our suppliers and the type of labour used, (e.g. seasonal, permanent or agency). We also review the country of origin of our suppliers and the country from which services are provided to identify any issues which may feature further down the supply chain, for example in relation to the sourcing of materials and components.

# 1. Tackling Modern Slavery – Our Supply Chain.

Tesco Bank engages with a wide range of external suppliers who help to deliver high quality services to our customers. We expect all our suppliers to operate in an ethical, responsible, open and transparent manner and be compliant with all applicable laws and regulations.

To manage this, we have a rigorous approach to Procurement & Supplier Management.

In line with the Procurement & Supplier Management Policy Tesco Bank will only engage 3rd parties who support ethical business practices. All new suppliers are required 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. The supplier Code of Conduct provides details of the Tesco Bank whistle blowing service, ProtectorLine, which is available 24/7. All calls received that relate to the provision of goods or services to Tesco Bank will be reviewed and the appropriate action taken. (Calls which do not relate to Tesco Bank will not be passed on, but the ProtectorLine service provider will endeavour to contact the caller's company to alert them of a possible concern)

Appropriate action would be taken should any supplier be found in breach of this standard.

Our due diligence processes verify suppliers' compliance with the Modern Slavery Act and our Supplier Managers check annually that all our 3rd party suppliers segmented A - D have an up to date Modern Slavery Statement as well as checking that they have appropriate policies for their business and supply chain.

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,

Over the past year, we have extended our modern slavery training to include all our customer service colleagues across the bank, with specific emphasis on how to identify the indicators and signs of modern slavery within financial services. Completion of this activity means all Tesco Bank staff have now completed the online training module.

### Financial Crime

The Bank takes its regulatory responsibilities extremely seriously and works with law enforcement, other financial institutions and external bodies to combat modern slavery and human trafficking. We are aware of the risk of our products and services being used to facilitate modern slavery and human trafficking. We have implemented and continue to strengthen our controls to identify activity which may be indicative of this activity.

### 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.

### 3. Impact and monitoring.

We will continue to review and report on the following indicators to assess the effectiveness of our actions:

- Percentage of Tesco Bank Colleagues trained on modern Slavery:

Financial year	Percentage (cumulative)
2016/17	<1%
2017/18	3.3%
2018/19	40%
2019/20	99%

Number of reports of modern slavery through our Protector line:

- In 2019/20 we had no reported incidents of human rights breaches, slavery or trafficking.

### 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 aim to:

- Continue to raise colleague awareness of modern slavery and human trafficking and promote the availability of the national Modern Slavery helpline run by the anti-slavery charity Unseen through updated training materials.
- Continue to encourage key suppliers to attend ‘Stronger Together’ training.
- Update the Supplier Code of Conduct to include details of Unseen, the national Modern Slavery helpline
- Engage Tesco plc’s specialist responsible sourcing resources to conduct human rights audits on our highest risk supply chains, which remain catering and cleaning contracts.
- Develop 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.

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 2020.



