

Tesco Bank Modern Slavery Statement.

2021/22

Introduction.

The UK Modern Slavery Act 2015 (the 'Act') requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their operations and supply chains.

Modern slavery and human trafficking is a hidden crime which has no place within our business or our supply chain. Tesco Bank has adopted a zero-tolerance approach and we firmly support transparency and collaboration to eliminate the risks of modern slavery.

This statement refers to the financial year ending 28 February 2022 and covers both Tesco Personal Finance PLC and Tesco Personal Finance Group PLC. It sets out the steps that Tesco Bank has put in place to prevent modern slavery and human trafficking in our own operations and within our supply chains.

As we have continued to develop our human rights work, we have gained greater insight into risk and trends relating to modern slavery, which has enabled us to strengthen our approach. Over the past 12 months we have:

- Continued to train new colleagues joining the business to ensure all Tesco Bank colleagues understand their responsibilities in relation to modern slavery.
- Improved our transactional monitoring to capture data which will highlight any concerns around modern slavery and human trafficking.
- Grown the membership of our Tesco Bank modern slavery and human trafficking working group, to include members from additional areas of the Tesco Bank business.

In the year ahead we will continue to develop our approach to managing the risk of modern slavery within our business and supply chains, and ensure our strategy continues to respond to changing risks as we aim to eradicate modern slavery.

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.

This statement was approved by the Board of Tesco Bank.

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 2022.



Gerry Matton
Chief Executive Officer
3rd August 2022



Our business.

Tesco Bank, a wholly-owned subsidiary of Tesco PLC, 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 3,800 colleagues, serving our customers from four main centres in Edinburgh, Glasgow, Newcastle and Reigate.

At the heart of everything our colleagues do is our renewed core purpose – serving our customers, communities, and planet a little better every day. This means we always keep customers at the heart of what we do, while also reflecting our responsibilities to the communities we serve, source from, and to society more broadly.

To learn more about Tesco's purpose, [see here](#).

This purpose is underpinned by our three values:

- 1 No one tries harder for customers
- 2 We treat people how they want to be treated
- 3 Every little help makes a big difference

These values reflect that our responsibility for the welfare of people goes far beyond those we employ directly. We want everyone who works for or with Tesco to have their human rights respected and we know our customers, colleagues and suppliers do too.

Starting with our own business operations and service providers, and then increasing the visibility we have of our supply chains, we work to identify actual or potential risks of modern slavery and help ensure remediation where cases are identified.

A major focus this year has been continuing to manage the impact of Covid-19 on our colleagues and customers – keeping people safe and healthy while maintaining access to critical financial services.

We have a supply chain with around 600 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. In May 2021, Tesco Underwriting (TU) joined Tesco Bank to form our end-to-end insurance business. TU meets the criteria to publish its own modern slavery statement.

In terms of our product portfolio, during the period covered by this modern slavery statement, Tesco Bank has closed its current account offering, and launched a new product 'Clubcard Pay+'. These changes have no material impact on our modern slavery position.



Policies and Governance in relation to modern slavery.

At the heart of our approach to human rights are a number of important internationally recognised declarations, standards and codes. These are the foundations for how we work across the Tesco Group, and include:

- The UN Universal Declaration of Human Rights.
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- The UN Guiding Principles on Business and Human Rights.
- The UN Global Compact.
- The Base Code of the Ethical Trading Initiative (ETI).

Our approach to addressing modern slavery sits within this wider human rights agenda. It is supported by our Code of Business Conduct and human rights policy, which set out our obligations to customers, colleagues and communities in our own operations and supply chain.

We take any breach of our policies or allegations of labour abuse extremely seriously. We provide an independent and confidential [Protector Line](#) service, that enables 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 a significant issue arises, it is reported to Tesco's Group Responsible Sourcing Director and the Board's Corporate Responsibility Committee.

As members of the Institute of Human Rights and Business Responsible Recruitment Leadership Group, we also 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.'

Governance and progress monitoring of Tesco human rights work, for all markets and subsidiaries, sits with the Board's Corporate Responsibility Committee, which meets three times during the year. Progress against the Group modern slavery strategy is monitored through our Modern Slavery Working Group, which meets bi-annually, at a minimum. This group is chaired by the Group Responsible Sourcing Director.

This statement was developed by our Tesco Bank Modern Slavery Working Group, who meet annually at a minimum, with representatives from relevant bank functions and business areas.

**EVERY WORKER
SHOULD HAVE
FREEDOM OF MOVEMENT**



 **NO WORKER
SHOULD PAY
FOR A JOB**

 **NO WORKER SHOULD
BE INDEBTED OR
COERCED TO WORK**

Human rights due diligence.

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. In addition, the financial services industry has a responsibility to identify patterns and behaviours which might indicate where our customers may be subject to modern slavery.

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

We assess the potential human rights risks of our supply chain by considering 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.

Tesco Bank's highest risk supply chain is expected to be within our catering and cleaning contract. In 2022 we migrated to a new supplier, taking the opportunity to carry out enhanced due diligence to ensure Tesco Bank requirements in modern slavery and human trafficking continue to be met:

- Right to Work checks for every individual who TUPE transferred, along with any new starters, including verification of all ID documentation via the 'Right to Work' app.
- Ensuring individuals have their own bank account and prompt payment can be made.
- Confirming that Modern Slavery Training is mandatory within their business.



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 to be compliant with all applicable laws and regulations.

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

Procurement & Third Party Management Policy (P&TPM Policy)

In line with our P&SM Policy, Tesco Bank will only engage third 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 attest to their compliance on an annual basis. This document outlines Tesco Bank's expectations regarding human rights. Third parties are also specifically asked to confirm that they comply with the Modern Slavery Act.

Our due diligence processes verify suppliers' compliance with the Modern Slavery Act. Our Central Supplier Assurance team checks annually that relevant suppliers have an up-to-date Modern Slavery Statement that meets the minimum standards, as well as checking that they have appropriate policies for their business and supply chain.

Whistleblowing service

The supplier Code of Conduct provides details of the Tesco Bank whistleblowing service, Protector Line, which is available 24/7. All calls received that relate to the provision of goods or services to Tesco Bank are reviewed, and the appropriate action taken. (Calls which do not relate to Tesco Bank will not be passed on, but the Protector Line service provider will endeavour to contact the caller's company to alert them of a possible concern.)

Unseen Partnership

Our Supplier Code of Conduct also includes contact details for Unseen, who run the UK's 24/7 independent and confidential Modern Slavery & Exploitation Helpline. Through this service, trained helpline advisors can support potential victims of modern slavery, as well as offer a way for businesses and the public to raise suspicions or concerns, complementing our own Protector Line.

Tesco Bank expects its suppliers to ensure all employees are aware of the channels available to them for raising concerns regarding modern slavery. Appropriate action will be taken should any supplier be found to be in breach of this standard.



Awareness raising and capacity building.

Upskilling colleagues & suppliers

In addition to having suitable policies in place, Tesco Bank understands that raising awareness of modern slavery across our business is a key part of our commitment to the Modern Slavery Act; ensuring all colleagues understand the drivers of modern slavery and comply with the highest ethical standards and integrity.

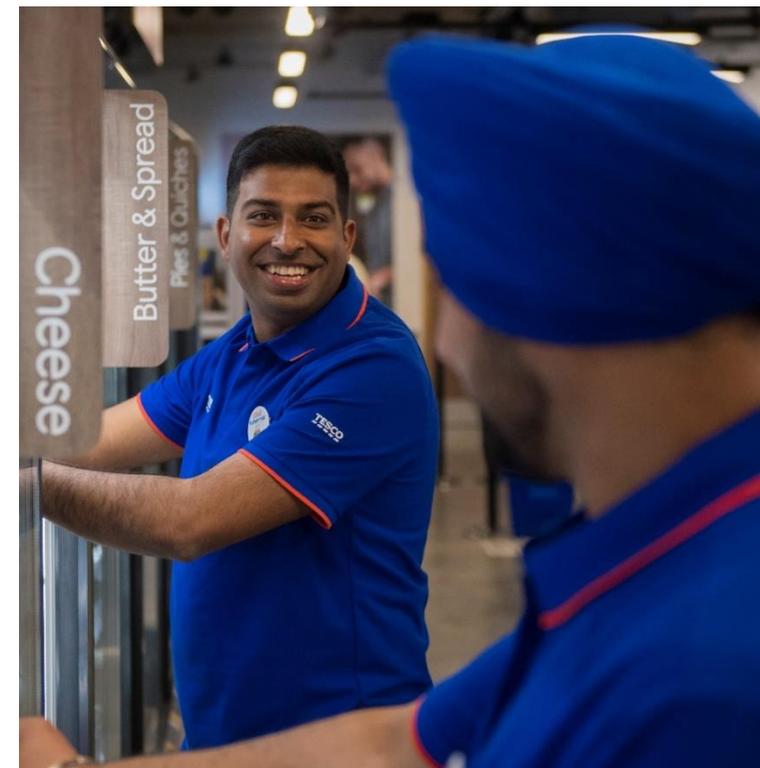
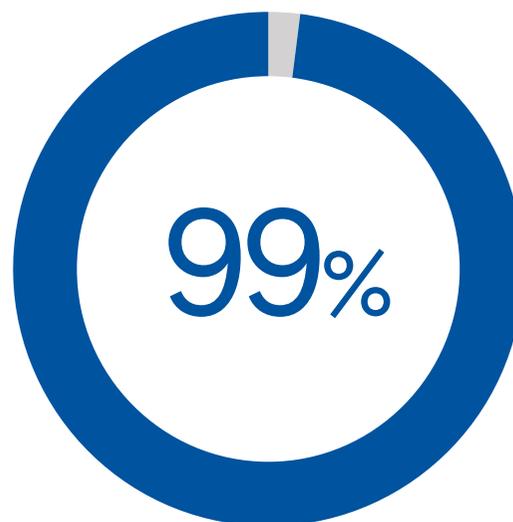
We have embedded this in our business via the Tesco Values, our colleague Code of Business Conduct, and training in support of colleague duties under the FCA's Conduct rules.

Over the past year, we have continued to run online training for all new colleagues joining the business (including Customer Service), to ensure all colleagues are appropriately skilled in the identification of indicators and signs of modern slavery within financial services, and how this should be escalated where appropriate. This training will be updated in 2022 to ensure our case studies remain relevant.

In addition, more focused training continues for Transactional Investigations colleagues to assist them in their roles, as we recognise that risks of modern slavery are complex.

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).

New to Bank colleagues trained on modern slavery



Tackling modern slavery – our business operations.

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 staff (permanent/fixed term contract/day rate contractor/temporary worker) are screened in line with our employment screening policy to ensure consistency of approach.

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.

During this reporting period, Transactional Investigations have continued to capture data which will highlight any concerns around modern slavery and human trafficking. In the past 12 months there have been five cases of sustained suspicion of human trafficking, which we have reported to the National Crime Agency. Four of these cases were flagged due to large deposits of cash being made, which were then transferred abroad, and one case shows potential indicators of sexual exploitation.

Whistleblowing

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 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 and on our intranet site.

Impact and monitoring.

We will continue to report annually within this statement on the below Key Performance Indicators and measures to assess the effectiveness of our actions:

Target	Measure	Status
100% of Tesco Bank colleagues trained on modern slavery	% new Tesco Bank colleagues trained on the full modern slavery training module	99% of new Tesco Bank colleagues trained on modern slavery
	% of existing Tesco Bank colleagues trained on the overview 'refresher' module	99% 10 min overview module

Measure	Status
Number of reports of modern slavery in the Tesco Bank supply chain through our Protector Line	0 reports of modern slavery through our Protector Line
Number of customers that Tesco Bank has identified and reported as suspected human trafficking and modern slavery victims	5 customers we have identified and reported as suspected human trafficking and modern slavery victims

During 2021 we also successfully:

- Grew the membership of our Tesco Bank Modern Slavery & Human Trafficking Working Group, to include members from additional areas of the Tesco Bank business.
- Strengthened our financial crime transactional investigation controls, and found five cases of sustained suspicion of human trafficking, which we have reported to the National Crime Agency.
- Took the opportunity to carry out enhanced onboarding due diligence when bringing on board a new supplier for our cleaning and catering contract.

Plans for 2022/2023.

During 2022/23 we will:

- Review our Tesco Bank Code of Conduct to ensure our expectations are clear in the areas of ethical business conduct, human rights, environmental sustainability, and diversity and inclusion.
- Revisit and enhance our Bank-wide colleague training in modern slavery, to ensure it remains relevant for the financial services industry.
- Provide enhanced training for colleagues working directly with suppliers to raise awareness of the realities of modern slavery, the impact on victims, and the role that the financial services industry can play in tackling this.
- Include a modern slavery and human rights focus within the Environmental, Social and Governance (ESG) agenda at our 2022 Tesco Bank supplier 'Expo' event.
- Design and rollout a wider ESG learning & development plan for colleagues, enabling us to identify potential improvements in policies and practices.
- Continue to work alongside our financial crime and analytics colleagues, to enhance our ability to detect activity indicating modern slavery and human trafficking practices.
- Commence quarterly meetings of the current Modern Slavery & Human Trafficking Working Group to ensure progress against next steps identified in this statement, as well as ensuring ongoing relevance of KPIs and risk assessment processes.
- Develop a Tesco Bank strategy and action plan for supply-chain ESG management, including modern slavery and human trafficking.
- Assess our supplier due diligence processes to ensure suppliers are committed to tackling any modern slavery and human trafficking risks meaningfully.



