

# RBS Group Statement on Modern Slavery and Human Trafficking

## 1. Introduction

At RBS, as a major UK financial institution, we are committed to our responsibilities to respect and uphold human rights across our business and sphere of influence. We do not tolerate slavery, trafficking or forced labour in any part of our business or supply chain.

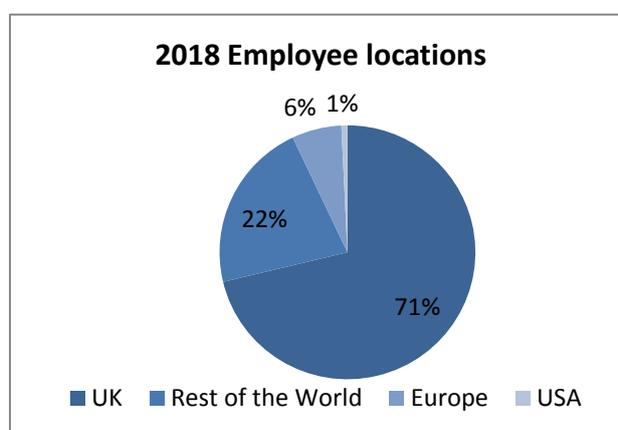
This is our third Modern Slavery and Human Trafficking Statement. It is made in accordance with section 54 of the UK's Modern Slavery Act 2015 (The MSA). This statement applies to The Royal Bank of Scotland Group plc and its subsidiaries that are required to have a modern slavery statement. A list of those subsidiaries is provided in the Appendix. The statement covers financial year end 31 December 2018.

## 2. Organisation structure, business and supply chains

RBS is a UK-centered bank and we support our customers to access international markets in Europe, Asia and the U.S. Our purpose is to serve customers well. We serve around 18.9 million customers across the globe, and our aim is to consistently meet their needs wherever they find us.

RBS provides a wide range of products and services to personal, commercial and large corporate and institutional customers through a number of well-known banking brands including; The Royal Bank of Scotland, NatWest, Coutts and Ulster Bank. RBS has a number of subsidiaries, a full list of which can be found in the [Annual Report and Accounts](#).

We employ around 65,000 globally on a full-time equivalent basis, including temporary workers. Approximately 76% of our colleagues are covered by a collective agreement and/or local employee representative arrangements. Our aim is to engage our employee representatives at the right time, in the right way and on a no-surprise basis. We have also established a Colleague



Advisory Panel made up of circa 20 colleagues from across different parts of the bank (including outside of the UK & Ireland) who meet twice a year with Board members to discuss key issues with them directly.

In support of these operations, RBS purchases goods and services from a large number of suppliers, most of which are based in the UK and Ireland. The majority of our procurement is in professional services. We have no inherent seasonality in our sourcing; either in variation of the goods and services we source or the suppliers from whom we source.

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](#).

### 3. Our approach to Modern Slavery and Human Trafficking

The [National Crime Agency](#) has reported a 36% increase in the numbers of potential victims of modern slavery and human trafficking submitted to the National Referral Mechanism in the UK over 2018, with a doubling of UK nationals reported potential victims. The most common exploitation type was labour. We know vigilance is required.

At RBS our approach is informed by a range of international standards and principles including: The United Nations (UN) Universal Declaration of Human Rights, United Nations Global Compact, the United Nations Guiding Principles of Business and Human Rights, the ILO (International Labour Organisation) labour standards, the Equator Principles and the Living Wage Foundation.

In 2018:

- We worked with Law Enforcement Modern Slavery Transformation Units, Industry Bodies such as the Construction Industry Training Board (CITB) and peer banks in order to share typologies. This has allowed us to share intelligence with Law Enforcement and imbed this knowledge into our systems and controls.
- We have enhanced our supplier management activities, requiring suppliers to confirm their compliance with the Supplier Code of Conduct, including Modern Slavery and Human Rights issues, throughout the life of the engagement.
- The bank-wide working group on Modern Slavery membership was reviewed to further enhance effective coordination of the banks activities and reporting: this now includes HR, Financial Crime, Sustainable Banking, Risk, Legal, Supply Chain Services and Compliance & Conduct. The frequency of meetings was also formalised to at least quarterly.
- The Colleague Advisory Panel was established and held its first meeting.
- Our [Human Rights Position Statement](#) was updated and published on RBS.com.
- Our 2017 and 2018 statements were published on RBS.com within the [business, human rights and modern slavery page](#) to enhance transparency and demonstrate progress over time.

- Training on modern slavery and human rights continued to be provided across the organisation.

In 2019 we will focus on:

- Continuing to build intelligence, particularly through the work of our Financial Intelligence Unit, with other industry bodies representing sectors that are vulnerable to Modern Slavery.
- Providing bespoke awareness training and support to retail branch staff (particularly in modern slavery hotspot areas) on how to spot the signs of modern slavery.
- Launching a ‘SpeakingUp’ mobile app to complement the existing bank whistleblowing service.
- Reviewing wider training requirements on Modern Slavery and Human Rights across the bank.
- Ensuring that our subsidiaries which are required to have a modern slavery statement have a website link added to their websites to the statement on [RBS.com](https://www.rbs.com). Subsidiaries within scope which do not have their own website will be engaged on their requirements to provide a copy of the statement in writing within 30 days.

## 4. Policies in relation to slavery and human trafficking

As outlined in our previous statements, RBS has a robust policy framework which prohibits modern slavery and human trafficking. We continue to review 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.

|                  |  |
|------------------|--|
| <b>Customers</b> | • <a href="#">Anti-Money Laundering</a>                        |
|                  | • <a href="#">Environmental, Social, Ethical Risk Policies</a> |
| <b>Employees</b> | • <a href="#">Our Code</a>                                     |
|                  | • <a href="#">Speak Up Policy</a>                              |
| <b>Suppliers</b> | • <a href="#">Supplier Code of Conduct</a>                     |

### 4.1 Customers: Combatting human trafficking as a financial crime

We take a risk-based approach to accepting new customers and managing existing customers. When we believe there is an increased risk of modern slavery, our checks could include undertaking media searches or an assessment of transactional activity. Should we identify adverse press or suspicious activity, this triggers specific due diligence, which includes analysis of the allegations and account activity, and where appropriate, a full investigation and possible disclosure of suspicions to the

National Crime Agency.

RBS seeks to combat financial crime and the misuse of our assets and systems by criminals. We are determined to take a proactive approach to financial crime risk and meet our national and international regulatory obligations for anti-money laundering, anti-bribery & corruption, anti-tax evasion and sanctions. Considering human trafficking specifically, our Financial Intelligence Unit (FIU) investigates financial crime and intelligence to better detect and disrupt threats to the bank. We have exited several relationships that demonstrated human trafficking indicators in 2018.

We collaborate with other companies, the government, NGOs and law enforcement, to help identify and mitigate against modern slavery and human trafficking. For example we are active members of the Joint Money Laundering Intelligence Taskforce (JMLIT). This brings together banks, law enforcement and the regulator in both operational and strategic environments. One of its four priority areas is in tackling the laundering of the proceeds of human trafficking and organised immigration crime.

## 4.2 Customers: Environmental, Social, Ethical Risk Policies

The activities of our customers can have environmental, social and ethical (ESE) impacts – including the potential for human rights infringements. To help us assess and manage these risks, since 2011 we have operated an ESE risk management framework. As part of this process, we conduct due diligence on customers, projects and transactions that present heightened ESE risk. We also expect our customers to adhere to environmental, social and human rights standards.



RBS has ESE risk policies for nine industry sectors which present heightened ESE risk whereby assessments are conducted on new and existing customers. Customers or transactions presenting material ESE risks are escalated to a Reputational Risk Committee for consideration. Our general ESE Risk Concerns (which include managing incidents of modern slavery) also apply to customers e.g. in retail or manufacturing who operate outside of these nine sectors. An assessment is completed where an ESE Risk Concern is identified. During 2018, 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).

### 4.3 Suppliers: Supplier Code of Conduct

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) 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, contractually suppliers are expected to implement the standards of the SCoC with their own suppliers. 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 which asks them to evidence their company is operating in line with international standards and legislation such as the MSA and ILO convention.

From 2018 supplier review meetings, conducted as part of ongoing contract management have a standing agenda point on compliance to the SCoC which includes Modern Slavery and Human Rights issues. In the countries in which we operate we also expect our suppliers to comply with national legislation. Non compliance to the SCoC on any grounds are raised through the bank's operational risk process and dealt with on a case by case basis. This includes engaging with the supplier to identify potential remediation measures. In 2018 there were no known instances of suppliers not meeting these commitments.

Our whistleblowing service, Speak Up, is also available to suppliers, allowing them to report unethical conduct with regards to their relationship with RBS. Speak Up is brought to the suppliers attention through the SCoC.

### 4.4 Employees: Our Code and other policies

We expect all colleagues to be treated fairly, with respect and dignity. 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. All employees are recruited legally and must meet the 1998 Immigration Act requirements, as well as relevant background checks. RBS was an early adopter and has been accredited by the Living Wage Foundation in the UK since 2014. In 2018 this was extended to colleagues employed via suppliers (e.g. cleaning, security and catering staff). We also have the 'Yes Check' a tool RBS introduced during 2013 to guide colleagues to do the right thing and make good decisions first time round.

## 4.5 Employees: Speak Up

Speak Up is the bank's whistleblowing service. The Speak Up Policy applies to all employees, contractors, temporary staff and secondees ('employees') and those acting on behalf of, or representing the bank (such as consultants and other service providers). The Speak Up reporting service allows employees to report their concerns confidentially (and anonymously if preferred) about any conduct and behaviour that falls short of the bank's Values and Our Code. This reporting service is operated by an independent third party on behalf of RBS. Our 2018 colleague opinion survey has shown the highest ever score when asking colleagues if they feel safe to speak up, as well as understanding the process of how they do that. During 2018 there were no referrals to Speak Up regarding MSA related breaches.

## 5. Training for staff

We have ensured that our colleagues have access to information about the MSA via our internal intranet which is updated at least annually. Using our internal facebook platform 'Workplace' we share best practice, news and insight on Modern Slavery issues. We also provide tailored training to employees operating in higher risk areas across the bank including financial crime, risk and supply chain services.

During 2018, training on ESE risk which incorporates human rights and modern slavery continued to be delivered to customer facing businesses and functions, including focused training for specific teams. This training will better equip our staff to identify, assess and escalate issues with heightened ESE risk.

The Financial Intelligence Unit (FIU) delivered a Webinar awareness session in April 2018 to the Financial Crime Advisory, Financial Crime Investigations and Fraud teams with 76% of staff in both first and second lines of defence functions in attendance. This session gave an overview of Human Trafficking and Modern Slavery. The session included case studies, indicators for staff to look for and how to respond followed by a question and answers session at the end.

Modern slavery content is included in mandatory financial crime e-learning, which Personal Banking – frontline customer facing staff must complete. In 2018 this had a focus on spotting the red flags and behaviours around human trafficking and modern slavery within the construction sector.

It is mandatory for all staff to complete the Speak Up e-learning module on an annual basis.

## 6. Measuring effectiveness

We will continue to measure the effectiveness of our policies and procedures through evolving the way we identify and mitigate modern slavery risks. The

effectiveness of the statement and associated policies is discussed at the quarterly bank wide Modern Slavery and Human Rights working group meetings.

A spotlight on Suppliers was delivered to the Sustainable Banking Committee in 2018, summarising how RBS works with suppliers that share the same values as well as understanding the quality of supplier relationships.

In 2018 we enhanced our supplier management activities in relation Modern Slavery and Human rights issues, requiring suppliers to confirm their compliance with the SCoC throughout the life of the engagement.

Our ongoing collaboration with other businesses helps us to understand how they are approaching the MSA. This includes a peer review of companies' MSA statements, highlighting areas for improvement.

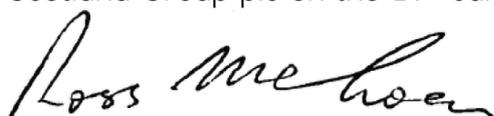
As mentioned previously, we increase visibility by training our colleagues to maintain the highest standards of integrity. Information about the MSA within the Environmental, Social and Ethical (ESE) and financial crime training will help front line teams to identify customers' potential involvement in modern slavery.

## 7. Engaging with external stakeholders

Our approach to external engagement includes both ongoing collaborations with other businesses and also with the UK Government, law enforcement agencies, NGOs and communities. This enables us to keep abreast of changes in policy and growing our understanding of the issues. We are members of the Thun Group, an informal group that seeks to support the integration of the UN Guiding Principles on Business & Human Rights into the policies and practices of financial services organisations. We have also engaged with NGOs including the Business & Human Rights Resource Centre. We welcome input from external stakeholders about our approach. Please contact [Group.Sustainability@rbs.co.uk](mailto:Group.Sustainability@rbs.co.uk) if you wish to share information with us or discuss our approach further.

## 8. Governance

Our approach to how RBS implements the requirements of the MSA was developed by a bank-wide working group with representatives from relevant bank functions and business areas. This annual statement was reviewed by the Group Reputational Risk Forum and was approved by the Board of The Royal Bank of Scotland Group plc on the 19<sup>th</sup> June 2019.



Ross McEwan, Chief Executive  
24 June 2019

## Appendix

### A. List of The Royal Bank of Scotland Group plc subsidiaries (“RBS Group”) required to have a modern slavery statement.

|   |  |
|---|--|
| RBS Collective Investment Funds Limited | JCB Finance Limited                          |
| Ulster Bank Limited                     | Lombard Business Leasing Limited             |
| RBS Invoice Finance Limited             | Lombard North Central PLC                    |
| Coutts & Company                        | The Royal Bank of Scotland International Ltd |
| NatWest Markets Plc                     | NatWest Markets N.V.                         |
| National Westminster Bank Plc           | Ulster Bank Ireland DAC                      |
| The Royal Bank of Scotland Plc          |  |

### B. Other information and useful links

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

[RBS approach to Business, human rights and modern slavery](#) website

[Sustainable Banking](#) pages online

[Annual Report & Accounts](#)

[Supplier Code of Conduct](#)

[RBS Human Rights Position Statement](#)

[Anti-Money Laundering](#)

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

[Our Code](#)