

Modern Slavery Statement.

2016/17

Introduction

Modern day slavery (including slavery, servitude, forced labour and human trafficking) is a growing and pervasive problem, impacting every level of society. The finance industry is not a high risk sector for modern slavery, however Tesco Bank understands that no business or sector can be considered immune. Tesco Bank is committed to ensuring that slavery, human trafficking and forced labour have no place in or around our business and has therefore put processes/policies in place to strengthen our approach to tackling any risk.

About our business

Tesco Bank, a wholly owned subsidiary of Tesco, is a financial service company providing a range of banking and insurance products. Headquartered in Edinburgh, we serve the UK retail financial services market. We employ around 4,000 colleagues, who serve our customers from our three main centres in Edinburgh, Glasgow and Newcastle.

Tesco Bank currently has a supply chain of around 867 active suppliers. Our main categories of purchasing spend are technology, property, banking services and consultancy. The majority of our suppliers provide services from the UK, with only a small percentage from Europe and an even smaller number from the rest of the world.

Tesco Bank Policy

Tesco Bank understands that people lie at the heart of this legislation. Our business is built around people – customers, colleagues and communities. We have a responsibility to respect the human rights of our colleagues, customers, the communities we operate in and the people who work throughout our supply chain, and we have an opportunity to make a difference.

As part of the wider Tesco family, our core values are trust, understanding and acting responsibly. Our business is built on being the champion for customers, helping them enjoy a better quality of living and an easier way of life. These values are embedded throughout our business and resonate with our colleagues. Our values also reflect our expectation of how other businesses engage with their colleagues, customers and suppliers.

Tesco Bank does not tolerate slavery, human trafficking, forced labour, child labour or child exploitation. We have implemented a number of policies which allow us to manage human rights both within and out with our business including our code of conduct, banking conduct rules, supplier code of conduct and our procurement and supplier management policy.

The code of conduct and supplier code of conduct can be found on the Tesco Bank website.

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 approach taken elsewhere in the Tesco Group, we have sought to identify processes and supply chains 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.

This process identified certain services such as catering and cleaning as potentially being more vulnerable to labour abuse. Tesco Bank has therefore introduced a number of procedures to ensure that modern slavery does not occur in our business or supply chains:

1. Supply Chain

Tesco Bank has around 867 active suppliers, the majority of which provide services from within the UK. Only a small percentage of suppliers are based outside the UK and our largest supplier outside Europe is a Tesco Group company.

While banking is not a high risk sector for modern slavery, we have identified that catering and cleaning services may be more vulnerable to labour abuse. We have therefore taken steps to mitigate any risks, including asking our suppliers to confirm that they are fully aware of, and committed to, the objectives and requirements of the Modern Slavery Act. We also asked them to provide assurance that they were developing appropriate policies for their business as well as their supply chain.

Prior to engaging any new suppliers, we issue a copy of our code of conduct for suppliers (which incorporates a section on the Modern Slavery Act). Any prospective supplier is asked to certify that they adhere to Tesco Bank's policies or, alternatively, are required to provide documentary evidence that their own policies are compliant with ours.

Where third parties are identified as being key suppliers to Tesco Bank, a full due diligence assessment is also carried out before the supplier is engaged. This assessment covers a range of topics including regulatory & legal compliance, HR and integrity. In addition, suppliers are asked to attest to their compliance with the supplier code of conduct as part of the ongoing Supplier Assurance activity. This includes a review of their position on modern slavery & human trafficking.

2. 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 safeguard against human trafficking or forced labour. The majority of our colleagues are full time and all colleagues have Terms and Conditions which are regularly reviewed in line with employment law and best practice.

In addition, Tesco Bank only uses reputable employment agencies and we always verify the practices of new agencies before engaging any staff. Recruitment agencies are risk assessed by our People Team. We have long-standing relationships with the majority of these agencies and we 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 which safe guards against modern slavery.

3. 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 Act is to ensure all colleagues understand what modern slavery is and comply with the highest ethical standards and integrity. We embed this in our business via the Tesco Values, our colleague Code of Conduct and training in support of colleague duties under the FCA's Conduct Rules.

4. Whistleblowing

Tesco Bank has an appropriate whistleblowing policy which encourages all colleagues to report any concerns that relate to either our activities or the activities of a supplier. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. Our policy is designed to make it easy for all colleagues to make disclosures without any fear of retaliation or reprisal.

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. We aim to:

- Provide further training on modern slavery risks to our procurement and supplier management colleagues;
- Offer our suppliers access to Tesco Group's "Stronger Together" training, which provides detailed and pragmatic business-focused guidance and resources to address modern day slavery and a safe platform and support network for sharing challenges and good practice with peers and experts;
- Ask for annual confirmation from our suppliers that their business complies with the Modern Slavery Act and that they have appropriate and effective processes in place to prevent modern slavery in their business and their supply chains.
- Review our approach to identify any additional steps that we can undertake to combat the risks of modern slavery and human trafficking in our supply chains and validate the actions that we and our suppliers have taken to date.
- Ensure colleagues have an appropriate level of understanding of the risks of modern slavery and human trafficking in both our supply chains and business and how to identify and report on these. We will review how we educate and train our staff, particularly those involved with sourcing/managing our suppliers.

This statement refers to the financial year ending 28th February 2017 and has been approved by the Board of Tesco Bank.



Benny Higgins, Chief Executive, Tesco Bank
12th June 2017

