

Modern Slavery Statement.

2020/21

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.


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 continued development of our approach. Activity over the past 12 months has been impacted by business challenges resulting from the COVID 19 pandemic, however we have:

- continued to train new colleagues joining the business to ensure all Tesco Bank colleagues understand their responsibilities in relation to Modern Slavery
- expanded our annual Third-Party Modern Slavery compliance review to include all active suppliers across the Bank who are required to complete an annual statement
- improved our transactional monitoring to capture data which will highlight any concerns around modern slavery & human trafficking.

This statement refers to the financial year ending 28 February 2021 and covers both Tesco Personal Finance Plc and Tesco Personal Finance Group Plc. Board approval was given on 17 August 2021. 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. It also outlines 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.

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 2021.



Gerry Mallon
Chief Executive Officer



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 three main centres in Edinburgh, Glasgow, and Newcastle.

At the heart of everything our colleagues do is our core purpose - to help Tesco shoppers manage their money a little better every day.

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

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

Starting with our own business operations and service providers, we work to identify actual or potential risks of modern slavery and help ensure remediation where applicable.

We have a supply chain with around 670 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.

During the period covered by this modern slavery statement Tesco Bank has not made any major change to its product portfolio.

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 & governance.

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 the supply chain.

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.

As members of the Institute of Human Rights and Business Responsible Recruitment Leadership Group, Tesco actively supports 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 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.

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SHOULD HAVE
FREEDOM OF MOVEMENT** 

 **NO WORKER
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 **NO WORKER SHOULD
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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. 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 in our catering and cleaning contract. Our current supplier has recently completed a Human Rights Risk Assessment and the results of this assessment will be reviewed.



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 to 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 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 expectations regarding human rights. Third parties are also specifically asked to confirm that they comply with the Modern Slavery Act. 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.)

During 2020 we updated our Supplier Code of Conduct to include 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 would be taken should any supplier be found to be in breach of this standard.

Our due diligence processes verify suppliers' compliance with the Modern Slavery Act and our Central Supplier Assurance team checks annually that our segment A-D suppliers have an up-to-date Modern Slavery Statement which meets the minimum standards, as well as checking that they have appropriate policies for their business and supply chain. During the past year this process was expanded to cover all active suppliers with a requirement to complete a modern slavery statement. No issues were identified.

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).

In the past 12 months through Protector Line, the Modern Slavery & Exploitation helpline, supplier visits and other channels, there have been no incidents of modern slavery identified in the Tesco Bank supply chains.

2. 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 temporary staff are Pre-Employment Screened (PES) in accordance with our permanent and Fixed Term Contractor (FTC) PES standards to ensure consistency of approach.

Raising awareness and building capability

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, (include 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 2021 to ensure our case studies remain relevant.

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

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 has begun capturing data which will highlight any concerns around modern slavery and human trafficking. In the past 12 months there have been three cases of sustained suspicion of human trafficking, which we have reported to the National Crime Agency.

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, 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 and on our intranet site.

3. Impact and monitoring.

We will continue to report annually within this statement on the below metrics to assess the effectiveness of our actions:

- Percentage of Tesco Bank Colleagues trained on modern slavery:

2019/20	99%
2020/21	99%

- Number of reports of modern slavery through our Protector Line:

In 2020/21 we had no reported incidents of human rights breaches, slavery, or trafficking.

For 2022 a new measure will be added to recognise the number of customers we have identified and reported as suspected human trafficking and modern slavery victims.

Plans for 2021/22

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

We will act immediately to address any concerns identified. In particular, we aim to:

- 1 update our modern slavery training and roll out across all Bank colleagues
- 2 introduce quarterly sample testing of recruitment agency Pre-Employment Screening practices and results
- 3 update our Supplier Code of Conduct to drive Tesco's commitment to the Employer Pays principle across Tesco Bank suppliers
- 4 continue to encourage key suppliers to attend 'Stronger Together' training
- 5 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.

