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# Interim statement: RBS's approach to the Modern Slavery Act

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## Introduction

The Modern Slavery Act (MSA) is UK legislation which received Royal Assent in 2015. The serious criminal offences of slavery, servitude, forced or compulsory labour and human trafficking are brought together under one piece of legislation. The intention of the Act is to protect victims, bring perpetrators to justice and provide more effective tools for law enforcement.

In addition, the MSA places disclosure obligations on large companies with a turnover of over £36m and operations in the UK. Such companies must publish an annual statement setting out the steps they have taken to eradicate and prevent all forms of modern slavery in their business and supply chains. The reason behind this obligation is that large companies have significant resources and purchasing power, which gives them strong influence over the global supply chain, and therefore they can play a role in ending these appalling crimes. We welcome the Modern Slavery Act and its aim to eradicate forced labour and human trafficking.

In accordance with the requirements of the MSA, we will publish our first annual statement, signed by a Board Director, in Spring 2017. However ahead of this publication, we wish to outline the steps RBS is already taking to protect people and ensure there are no forms of modern slavery in our business and supply chain.

Society's understanding of modern slavery will change and improve over time and we want our approach to be a flexible and 'living' process that can adapt to meet the changing circumstances.

## Victims of modern slavery

In reviewing our compliance with the MSA, we are conscious of the people who lie at the heart of this legislation: the victims and potential victims of slavery and human trafficking. The Prime Minister, Theresa May has described modern slavery as "the great human rights issue of our time" (Telegraph, 31 July 2016). We want to take a human rights approach to understand the impacts of our operations and supply chain on people, in order to eradicate and prevent any forms of slavery, and address any issues when they arise.

## Our business

RBS is a UK-based banking and financial services institution which provides a wide range of financial products and services to personal, commercial, large corporate and institutional customers. Our approach to the MSA applies to the RBS Group and each of its direct and indirect subsidiaries, which includes the Royal Bank of Scotland, NatWest, Coutts and Ulster Bank. Our Personal & Business Banking and Commercial & Private Banking franchises provide services to over 17 million personal and business customers in the UK and to over 1 million personal and business customers in the Republic of Ireland.

RBS has over 80,000 employees operating predominantly in the UK, Ireland, and with a large presence in India, and smaller operations in Western European countries, Asia and the US. More information about our business and structure is available in our [annual report](#).

## Our approach to the Modern Slavery Act

Our approach to addressing the MSA has been to consider all the potential impacts of our business and supply chains on people and identify where risks of modern slavery exist. Where we think risks may exist, we want to ensure our people – our employees, our suppliers, and our customers are aware of them and can address them.

This includes:

- Reviewing our policy framework, to ensure it meets MSA requirements;
- Identifying and addressing high risks within our business and supply chain; and
- Providing bespoke training and raising awareness.

## Our policy commitments

- RBS has a robust policy framework, in which slavery and human trafficking were already prohibited. We have reviewed all relevant policies to ensure they comply, not only to the letter of the legislation, but also support its spirit.



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## Our employees

We expect all employees to be treated fairly, with respect and dignity. In the UK RBS was an early adopter of the Living Wage. All employees are recruited legally and must meet the 1998 Immigration Act requirements, as well as relevant background checks. The bank's code of conduct, 'Our Code', sets out the bank's values and expectations of staff, and includes a clear commitment to human rights. The Yes Check is the tool RBS introduced during 2013 to guide employees to do the right thing and make good decisions first time round. The Yes Check and Our Code create the values which underpin our general approach to making good and ethical decisions. Our approach as an employer to help address modern slavery and human trafficking sits within this wider framework.

We expect all of our staff to have basic knowledge of the Modern Slavery Act legislation. We are raising awareness through internal communications channels and ensuring information about our commitments is readily available on our internal website.

## Our suppliers

All suppliers to RBS are governed by contractual terms which include a requirement to adhere to the RBS Sustainable Procurement Code, as well as other bank policies. RBS's commitment as a Living Wage accredited employer applies to everyone working for the bank in the UK and is being extended to staff who are employed via suppliers (including cleaning, security and catering staff). Throughout 2016 we have continued to work with our supply base to this end. In the countries in which we operate we expect our suppliers to comply with national legislation.

The steps we are taking to further support the MSA include updating the Sustainable Procurement Code to make specific reference to requirements under the legislation. Additionally, we have updated our supplier tender process to include specific questions in relation to the MSA.

We expect staff involved in the supply chain in all jurisdictions to have a good understanding of what modern slavery is, and how to identify and address it within the supply chain. We are in the process of rolling out a targeted training plan to relevant employees.

## Our customers

Our relationship with our customers is governed by a wide range of risk considerations, including our Reputational and Environmental, Social and Ethical (ESE) risk framework, anti-money laundering and financial crime procedures.

The activities of our customers can have ESE impacts including the potential for human rights infringements. In order to help us assess and manage these risks we conduct due diligence on relevant customers and transactions, considering their impacts as well as expecting our customers to adhere to environmental, social and human rights standards. The Reputational and ESE risk framework prohibits modern slavery, forced labour and harmful child labour.

We are taking steps to ensure that our commitments under the MSA are embedded within our ESE policies and processes. Modern slavery and human trafficking are serious crimes and human rights violations, which are already prohibited within our policies. Under our commitments to eradicate modern slavery and human trafficking we are taking steps to develop heightened awareness of these crimes and human rights abuses and embed specific information about the MSA into ESE training. This will help front line teams

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identify and escalate concerns about customers' potential involvement in forced labour or slavery.

In addition to internal training, we take a risk based approach to accepting new customers and managing existing customers. In certain situations when we believe there is an increased risk, our checks could include the undertaking of media searches or assessment of non-governmental organisation (NGO) reports about the customer. Should we identify potentially negative reports, this will trigger specific due diligence, which includes analysis of the allegations and, where appropriate, a full investigation. It is always a last resort to decline or end a customer relationship because we believe it is our role to work with our customers to address issues wherever possible.

We are aware that as a High Street bank we come into touch with millions of customers, some of whom may be victims of human trafficking. Our fundamental approach to the MSA is about protecting victims and to that end we work with the police and the National Crime Agency when we identify criminal activity.

## **Engaging with external stakeholders**

We are setting out our approach now ahead of our first annual statement as an opportunity to listen to our external stakeholders about what we are doing, and what else we need to do. 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.

We will continue to work with other businesses to understand how they are approaching the MSA, as well as keep abreast of changes in policy and grow our understanding of the issues, listening to the Government, NGOs and communities.

## **Measuring our impact**

Our ESE risk, financial crime and supply chain services processes are subject to internal checks and audit. Whilst the steps we are taking become embedded within the organisation and our understanding improves we are considering a suitable KPI (Key Performance Indicator) to measure the impacts of meeting our MSA obligations.

## **Further information**

More information about our approach to sustainability can be found in our [sustainability report](#).