

RBS UN Global Compact Communication on Progress 2012

Statement of Continuing Support

Sir Philip Hampton - Group Chairman

"The RBS Group has been a signatory of the UN Global Compact since 2003, and we continue to be committed to this important initiative. We use the ten principles of the Global Compact to inform our policies and processes, and promote the Compact through our Ethical Code for Suppliers. The work of the Global Compact plays an important role in promoting international development, leveraging the resources of business to create a more inclusive and sustainable economy."

UN Global Compact Principles

RBS has an established and robust framework in place for the governance of sustainability issues. The Group Sustainability Committee (GSC) was set up in 2009 and is a Board level Committee. It is responsible for reviewing the sustainability strategy, values and policy for the Group. The Committee is supported by the Group Sustainability function, who co-ordinate and report on the company's efforts to apply the ten principles of the UNGC.

As a global business with links to a wide range of sectors we recognise that our actions and those of our clients present a number of Environmental, Social and Ethical (ESE) risks. We continually assess our lending in relation to sensitive sectors, and apply the appropriate lending appetite and review processes. We have developed ESE risk policies for many of these issues, which fall under the wider scope of the UNGC principles.

Human Rights

Principle 1: *Business should support and respect the protection of internationally proclaimed human rights.*

Principle 2: *Business must ensure that they are not complicit in human rights abuses.*

Commitment: [Human Rights Policy](#), [Group Ethical Code for Suppliers](#), [Sector ESE statements](#)

Implementation:

- The Group has a published Statement on Human Rights which is aligned with the Universal Declaration of Human Rights, and has been a member of the United Nations Global Compact since 2003
- The Group has systems applied both internally and externally to manage our approach to human rights
- Our Group Ethical Code for Suppliers highlights the ten principles of the UN Global Compact which our suppliers are expected to adhere to through out their operations
- The release of the Guiding Principles for Human Rights marks a major milestone in how business can contribute to the promotion and raising of human rights standards across the globe. RBS is part of the Thun working group of European financial institutions, which was established to interpret the principles and how they should be applied to the sector. This will then be shared to provide practical guidance for the sector as a whole.

Labour

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Business should uphold the effective abolition of child labour

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation

Commitment: [Managing Diversity Policy](#), [Group Code of Conduct](#), [Group Ethical Code for Suppliers](#), [Sector ESE statements](#)

Implementation:

- The Group works with over 40 social partners globally. More than half of our employees are covered by collective labour agreements or formal collective employee representation such as Trade Unions or Works Councils. In 2011, we established a new European Employee Council (EEC), replacing the two European Works Councils previously in place. The EEC represents the views of employees based in all European Union and European Economic Area countries where the Group has a presence, and Switzerland. RBS informs and consults the Council on economic, financial, commercial, human resource and structural development issues that affect people in at least two EU/EEA countries, or the Group as a whole
- We were one of the first financial services organisations to publish a set of minimum expected ethical standards for suppliers back in 2004. Based on the 10 principles of the UN Global Compact, the RBS Ethical Code for Suppliers covers the area of human rights, labour rights, environmental protection and bribery and corruption and sets out the standards for suppliers we work with
- Within the company, diversity initiatives on gender, lesbian, gay, bisexual and transgender (LGBT), disability and race are led by Executive sponsors. Responsibility for our strategy in this area rests with the Board and Group Executive Committee.
- Efforts to improve gender diversity have focused on offering support networks and training. Our Focused Women's Network supports the development and career advancement of all employees, and anyone can join. The network has increased its membership on a global basis to over 5,000 in the last year. We introduced a number of new leadership programmes for women during the year.
- At Board level the percentage of female members increased from 9% to 23%, bringing us close to the recommended industry target of 25% in the UK. The changes have ensured there is a vast range of experience and expertise on our Board, making it stronger as well as more diverse.
- The percentage of female executives increased to 18% in 2011, while senior managers remained the same at 26%.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

Commitment: [Group Environment Policy](#); [Sector ESE statements](#)

Implementation:

- We have strengthened our Group Environmental Policy, in place since 1997, which details our approach to ensuring that the RBS Group considers environmental issues in all parts of its operations and business activities
- As a global business with links to a wide range of sectors we recognise that our actions and those of our clients present a number of Environmental, Social and Ethical (ESE) risks. We continually assess our lending in relation to sensitive sectors, and apply the appropriate lending appetite and review processes. Internally, an ESE Risk Policy has been developed to inform our appetite for providing banking services to companies that operate in sectors that present higher ESE risks. For these companies we require a review of the company's commitment, capacity and track record in managing these, including in relation to the environment
- We have been a signatory of the Equator Principles (EPs) since its inception in 2003 and apply the EP guidelines to all transactions that require project finance
- We are committed to reducing the direct environmental impacts of our operations and we have strategies in place to achieve this. RBS Group has set the following Group-wide targets, to be achieved by 2014, from a 2011 baseline:

15% reduction in **energy and associated CO2 emissions**

12% reduction in **water** use

15% reduction in **waste disposed to landfill**

70% of waste **recycled, reused or recovered**

All **paper** either certified or 85+% recycled

All staff have access to **virtual meeting technology**

And by 2020:

50% reduction in **CO2 emissions from business travel**

50% reduction in **paper use**

- We promote these targets to employees and encourage them to adopt environment responsibility at home
- We encourage our SME customers to address environmental issues in their businesses through our Business Mentor Environment service which provides businesses with services from qualified environmental consultants
- We require our suppliers to report on and adopt good environment performance.

Anti Corruption

Principle 10: *Business should work against corruption in all its forms, including extortion and bribery*

Commitment: [Group Code of Conduct](#)

Implementation:

- The Group Code of Conduct specifically addresses the issue of bribery and corruption and in 2011 we enhanced our Group-wide controls against Anti-Bribery and Corruption (ABC) to comply with the UK Bribery Act which was launched in July 2011.
- In 2011 we continued to enhance our overall controls and governance around Anti-money Laundering (AML) and Sanctions and Counter Terrorist Financing (STF), supported by a Group-wide change programme. New AML/STF mandatory training was launched which is to be completed by all staff.
- The Group's whistleblowing framework provides a mechanism for employees to disclose information in good faith where they have a reasonable belief about any suspected illegal or unethical behaviour within the Group, without fear of adverse consequence.

Measurement

Type 1 limited assurance in accordance with AA1000AS has been applied to all of the above statements.