

Communication on progress

"RBS has been a signatory of the UN Global Compact since 2003. We continue to be committed to the ten principles, and have used them to inform our policies and processes - for example our refreshed 'Sustainable Procurement Code' promotes the adherence to the principles by our suppliers.

RBS acknowledges that 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."

RBS Chairman, Philip Hampton

RBS has an established and robust framework in place for the governance of sustainability issues. The Sustainable Banking Committee was set up in 2009 and is a Board level Committee. It is responsible for reviewing the sustainability strategy, values and policy for the Bank. The Committee is supported by the RBS Sustainability team, 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.

Implementing the Ten Principles into Strategies & Operations

Criteria

Comment

Reference

1. The COP describes mainstreaming into corporate functions and business units

We continue to embed sustainable management practices and policies across our business, including in the areas of human rights, labour, environment and anti-corruption. We measure performance and report on this in detail in our Sustainability report.

<http://www.rbs.com/sustainability/about-sustainability-at-rbs.html>

2: The COP describes value chain implementation

RBS creates value through enabling people to run their daily lives and businesses through the operation of the millions of transactions carried out each day. Another key role we play is to support and enable economic growth.

The successful running of RBS can provide wider benefits through employment, tax contributions, and, of course, the provision of liquidity in the economy through our lending to business. Being a sustainable business is also about how we choose to operate, and how we can go further to shape the world in a positive way. Smart products, innovative lending models, progressive employment practices, supporting low carbon solutions – these are all big opportunities for us, but also for our customers and the communities we all live in.

Read our Sustainability Review for a comprehensive report on how we are building a sustainable RBS.

<http://www.rbs.com/sustainability/about-sustainability-at-rbs.html>

http://www.rbs.com/content/dam/rbs/Documents/Sustainability/RBS_Sustainability_Report_2013.pdf

Robust Human Rights Management Policies & Procedures

Criteria

Comment

Reference

3: The COP describes robust commitments, strategies or policies in the area of human rights

RBS recognises our corporate responsibility to respect and uphold human rights, as expressed in the Universal Declaration of Human Rights. We contributed to the Thun discussion paper on the implications of UN Guiding Principles 16-21 for banks and are committed to the implementation of the Guiding Principles within the bank. Our Statement on Human Rights sets out the scope of our work in this area.

<http://www.rbs.com/sustainability/serving-society/business-and-human-rights.html>

4: The COP describes effective management systems to integrate the human rights principles

5: The COP describes effective monitoring and evaluation mechanisms of human rights integration

<http://www.rbs.com/content/dam/rbs/Documents/Sustainability/RBS-Statement-on-Human-Rights.pdf>

Robust Labour Management Policies & Procedures

Criteria

Comment

Reference

6: The COP describes robust commitments, strategies or policies in the area of labour

7: The COP describes effective management systems to integrate the labour principles

8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

Building an engaged, healthy and inclusive workforce is crucial. Our aim is to be greater than or equal to the global financial services norm for employee engagement by 2020. Read the 'Our People' section of our Sustainability Review for details.

Sustainability Review 2013, pages 33 - 39

Robust Environmental Management Policies & Procedures

Criteria	Comment	Reference
9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship	RBS aims to be a leader among global financial institutions in terms of managing our own environmental impacts as well as seeking to influence other businesses on how they manage theirs. See the environment pages on our company website for details.	Sustainability Review 2013 - page 24, 31 - 32
10: The COP describes effective management systems to integrate the environmental principles	As a provider of financial services, we also have a responsibility to understand and manage the wider environmental risks associated with the sectors we support. Our stakeholders are often	http://www.rbs.com/sustainability/serving-society/direct-environmental-impacts.html
11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	interested in RBS's clients who operate in sensitive sectors with high social and environmental impacts. We report on our risk management policies, processes and operations in our Sustainability Review.	http://www.rbs.com/sustainability/serving-society/direct-environmental-impacts/our-environmental-data.html

Robust Anti-Corruption Management Policies & Procedures

Criteria	Comment	Reference
12: The COP describes robust commitments, strategies or policies in the area of anti-corruption		
13: The COP describes effective management systems to integrate the anti-corruption principle	RBS has a zero tolerance approach to bribery, corruption, money laundering, sanctions and terrorism financing. Read more in our Sustainability Review.	Sustainability Review 2013 - page 27
14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption		

Taking Action in Support of Broader UN Goals and Issues

Criteria	Comment	Reference
	Through our participation in industry initiatives we support broader UN goals and issues. We have adopted the Equator Principles (EP) since its inception in 2003 and are members of the EP Association Steering Committee. We were heavily involved in the work on 'EP III.'	
	We are a signatory to the UNEPFI statement.	http://www.rbs.com/sustainability/reporting-performance/external-commitments.html
15: The COP describes core business contributions to UN goals and issues	We have been members of the United Nations Global Compact since 2003 and we actively participate in the development of this initiative through representation on the Governing Committee of the UK members network.	http://www.rbs.com/sustainability/serving-society/business-and-human-rights.html
	We have worked with other banks to contribute to the sector response to the UN Guiding Principles for Business and Human Rights.	http://www.rbs.com/sustainability/community/financial-education.html
	See also our support for Financial Education for young people in the 'Supporting Communities' section of our company website.	

16: The COP describes strategic social investments and philanthropy	Please see both our Sustainability Review as well as the community section on our website.	Sustainability Review 2013 - page 30 http://www.rbs.com/sustainability/community.html
17: The COP describes advocacy and public policy engagement	We support various UK Government initiatives that are in place to support entrepreneurship and develop entrepreneurial skills. Please see our Sustainability Report for more information.	http://www.rbs.com/sustainability/serving-society/supporting-economic-growth.html
18: The COP describes partnerships and collective action	Please see both our Sustainability Review as well as the 'External Commitments' section on our website.	http://www.rbs.com/sustainability/reporting-performance/external-commitments.html
Corporate Sustainability Governance and Leadership		
Criteria	Comment	Reference
19: The COP describes CEO commitment and leadership	See above statement of support from our Chairman, as well as the CEO foreword and introduction in the Sustainability Review.	Sustainability Review 2013 - pages 1; 7-8
20: The COP describes Board adoption and oversight	Please see the governance section of the Sustainability Review	Sustainability Review 2013 - page 11
21: The COP describes stakeholder engagement	Please see the Stakeholder engagement section of the Sustainability Review	Sustainability Review 2013 - page 9