

# United Nations Global Compact

## Communication on progress

### September 2016

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"RBS has been a signatory of the UN Global Compact since 2003. We reaffirm our commitment to the ten principles of the Global Compact. Our recent efforts to embed these principles include becoming an accredited Living Wage employer, introducing the Yes Check, to make sure we make the right decisions first time, and taking the necessary steps to ensure there is no modern slavery in our business or supply chain."

"RBS recognises the vital work of the Global Compact in setting high standards for business and promoting international cooperation and development."

RBS CEO, Ross McEwan

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#### **How we meet our commitment to the UNGC ten principles**

What sustainable banking means for us is serving today's customers in a way that also helps future generations. It requires us to put customers first, make RBS a great place to work, support our communities and be mindful of our environmental and social impacts.

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, which leads the company's efforts to integrate sustainable banking to the heart of everything we do.

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 issues, conduct appropriate due diligence and aim to be a responsible lender.

We have developed a Sustainable Procurement Code to guide our approach with suppliers. And have a robust Code of Conduct and Yes Check for employees to affirm their role in meeting our obligations, including to society and the environment and our responsibilities towards our staff.

In the table below we set out how we apply the ten principles of the United Nations Global Compact across our business against the 21 advanced criteria.

This report covers the period September 2014 – December 2015.

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.	<a href="http://www.rbs.com/sustainability/downloads.html">http://www.rbs.com/sustainability/downloads.html</a>
2: The COP describes value chain implementation	<p>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.</p> <p>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 live in. Read our Sustainability Report for comprehensive information on how we are building a sustainable RBS.</p>	<a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>
Robust Human Rights Management Policies & Procedures		
Criteria	Comment	Reference
3: The COP describes robust commitments, strategies or policies in the area of human rights	<p>RBS recognises our corporate responsibility to respect and uphold human rights, as expressed in the International Bill of Rights (the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.)</p> <p>We are committed to the implementation of the UN Guiding Principles on Business and Human Rights and we work with our peers through UNEPFI and the Thun Group to understand our responsibilities and contributed to the Thun discussion paper on the implications of UN Guiding Principles 16-21 for banks.</p> <p>We welcome the UK's Modern Slavery Act and are taking the necessary steps to ensure there is no modern slavery in our business or supply chain.</p> <p>Our Statement on Human Rights sets out the scope of our work in this area.</p>	<p>Sustainability Report 2015, p38.</p> <p><a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p>
4: The COP describes effective management systems to integrate the human rights principles		<a href="http://www.rbs.com/sustainability/serving-society/business-and-human-rights.html">http://www.rbs.com/sustainability/serving-society/business-and-human-rights.html</a>
5: The COP describes effective monitoring and evaluation mechanisms of human rights integration		<a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/policies/Human-Rights-Statement.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/policies/Human-Rights-Statement.pdf</a>
Robust Labour Management Policies & Procedures		
Criteria	Comment	Reference
6: The COP describes robust commitments, strategies or policies in the area of labour	<p>Developing and nurturing a healthy and inclusive culture throughout the bank is crucial. We are determined to make the bank a great place to work, to encourage people to bring the best of themselves to work and help each other to realise our full potential. We have seen improvements in our leadership, employee engagement and employee wellbeing scores.</p>	<p>Sustainability Report 2015, p46-55</p> <p><a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p>
7: The COP describes effective management systems to integrate the		

labour principles	We became an accredited Living Wage employer in November 2014, which applies to our operations and suppliers in the UK. The Living Wage is an hourly rate set independently and according to the basic cost of living (as calculated using the Minimum Income Standard for the UK). Employers can choose to pay the living wage on a voluntary basis.	<a href="http://www.rbs.com/content/dam/rbs/Documents/about/160111_RBS_Basic_Code_A4_V11_UK_External%20version.pdf">http://www.rbs.com/content/dam/rbs/Documents/about/160111_RBS_Basic_Code_A4_V11_UK_External%20version.pdf</a>
8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration	2015 was our 'year of leadership' and we prioritised embedding leadership behaviours. We also introduced the YES Check - a tool to guide decision-making. During 2015 we updated our Code of Conduct, which outlines the behaviours we expect of each other and what our customers and communities can expect from us.	<a href="http://www.rbs.com/news/2014/11/rbs-becomes-an-accredited-living-wage-employer.html">http://www.rbs.com/news/2014/11/rbs-becomes-an-accredited-living-wage-employer.html</a>
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. In 2015, we announced a series of new environment targets covering carbon, water and waste, and committed to influence and engage our employees and suppliers.	Sustainability Report 2015 - pages 34-39, 44-45. <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>
10: The COP describes effective management systems to integrate the environmental principles	We also published a new statement setting out our approach to climate change to meet commitments set out at COP21, and signed the Paris Pledge for Action. We state we will not provide funding to undiversified thermal coal mining companies, and that we plan to continue reducing our exposure to thermal coal year-on-year as that energy source declines in the UK energy mix.	<a href="http://www.rbs.com/sustainability/serving-society/approach-to-climate-change.html">http://www.rbs.com/sustainability/serving-society/approach-to-climate-change.html</a>
11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	We make significant lending available to support the transition to a low carbon economy. This included supporting an acquisition and bridge facility for the Green Investment Bank's Offshore Wind Fund.  These actions demonstrate that 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, as well as our direct impacts. Our stakeholders are often 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 Report.	<a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/policies/rbs-protecting-the-environment-policy.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/policies/rbs-protecting-the-environment-policy.pdf</a>
Robust Anti-Corruption Management Policies & Procedures		
Criteria	Comment	Reference
12: The COP describes robust commitments, strategies or policies in the area of anti-corruption	RBS has a zero tolerance approach to bribery, corruption, money laundering, sanctions and terrorism financing. In 2015 we published revised Anti-Bribery and Corruption (ABC), Anti-Money Laundering and Sanctions Policies and Mandatory Procedures, and conducted a Financial Crime Assessment within all our franchises. Over 95% of employees completed training on anti-money laundering, anti-bribery and corruption and sanctions.	Sustainability Report 2015 - page 32 - 33. <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>
13: The COP describes effective management systems to integrate the anti-corruption principle		Transparency International: <a href="http://www.rbs.com/news/">http://www.rbs.com/news/</a>

14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	<p>We are committed to the responsible management of our tax affairs and are signatories to the Government's Code of Practice on Taxation for Banks.</p> <p>RBS scored top in Transparency International's 'Transparency in Corporate Reporting - UK Study' which was published in November 2014.</p>	2014/11/rbs-leads-the-field-in-transparent-reporting.html
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Taking Action in Support of Broader UN Goals and Issues		
Criteria	Comment	Reference
15: The COP describes core business contributions to UN goals and issues	<p>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.'</p> <p>We are members of UNEPFI and signatory to the UNEPFI statement of commitment by Financial Institutions on Sustainable Development.</p> <p>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 Advisory Committee of the UK members network.</p> <p>We work with our peers in other banks to contribute to the sector response to the UN Guiding Principles for Business and Human Rights, through the Thun Group and UNEPFI.</p> <p>We also run programmes and initiatives aimed at supporting communities, such as improving financial capability through the development of good money management skills. We run MoneySense - a flagship financial education programme, which has helped millions of young people learn about money for over 21 years. It is the only financial education programme to deliver learning to 5-18 year olds, both in the classroom and at home.</p> <p>In India we established a new partnership between RBS Foundation India and the UN Climate Adaptation Fund.</p>	<p>Sustainability Report 2015, pages 12, 21, 28, 37-39, 54.  <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p> <p>UNEPFI:  <a href="http://www.unepfi.org/signatories/">http://www.unepfi.org/signatories/</a></p> <p>UN Global Compact UK Network:  <a href="http://www.globalcompact.org.uk/about-the-uk-network/advisory-group/">http://www.globalcompact.org.uk/about-the-uk-network/advisory-group/</a></p> <p>Supporting financial education:  <a href="http://www.rbs.com/sustainability/community/young-people.html">http://www.rbs.com/sustainability/community/young-people.html</a></p>

<p>16: The COP describes strategic social investments and philanthropy</p>	<p>Our recorded community investment for 2015 was £43.5m, measured using the London Benchmarking Group standard.</p> <p>We became an official partner of Sport Relief in 2015 to raise awareness and funds for communities in the UK and internationally and through a bank-wide cycle challenge and other events we raised £770k.</p> <p>We provide philanthropic support to enterprise in the UK, including £2.5m in grants to not-for-profit organisations under our Skills and Opportunities Fund; £1m to the Prince's Trust to support young people into employment and £4.1m investment into Entrepreneurial Spark to support start-up businesses to grow.</p> <p>We run a dedicated programme to support Women in Business.</p> <p>Through the Innovation Gateway we road test innovative ideas and products for saving resources (energy, water and waste) on our premises, providing a live testing environment, which helps bring these products to market.</p> <p>We respond to crises: during 2015 we responded to serious floods in India and in northern Britain.</p>	<p>Sustainability Report 2015 - page 42-43, 54-55  <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p>
<p>17: The COP describes advocacy and public policy engagement</p>	<p>We support various UK Government initiatives and engage in public policy on a range of issues including on our core themes of enterprise and financial capability as well as issues such as renewable energy - participating in the WWF Taskforce on the future of renewables, in which RBS provided input on evidence-based policy recommendations for the UK government in the renewables space, and participating in the Government consultations on the revised UK National Action Plan on Business and Human Rights. We work with the City of London Police to tackle complex financial crimes and with the Metropolitan Police to develop the 'Little Book of Big Scams' aimed at stopping fraud and identity theft.</p> <p>During 2015, we worked with national and local Government to assist newly-arrived Syrian refugees to quickly open bank accounts.</p>	<p>Sustainability Report 2015 - pages 11, 21, 29.  <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p>
<p>18: The COP describes partnerships and collective action</p>	<p>We describe some of our key international External Commitments on our website such as Equator Principles, UNGC, Thun Group. We became a signatory to the Green Bond Principles in 2014, and supported the growth of the Green Bond market during 2015. In addition, we work in partnerships with others to provide specific support to enterprise and financial capability, which are our two core focus areas, as well as partnerships for our community investment and philanthropic activities, and supporting customers in vulnerable situations.</p>	<p>Sustainability Report 2015 - pages 20, 38-39, 42-44, 54-55  <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a></p> <p><a href="http://www.rbs.com/sustainability/external-assurance/external-commitments.html">http://www.rbs.com/sustainability/external-assurance/external-commitments.html</a></p>

Criteria	Comment	Reference
19: The COP describes CEO commitment and leadership	See above statement of support from our CEO, as well as the Q&A, and our ongoing commitment to the UNGC and other international standards, as set out in our 2015 Sustainability Report.	Sustainability Report 2015 - pages 2-3, 56. <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>
20: The COP describes Board adoption and oversight	The governance section of the Sustainability Report 2015 describes our governance structure and oversight and outlines in further detail the role of the Board-level Sustainable Banking Committee, chaired by Independent Director, Penny Hughes.	Sustainability Report 2015 - page 9-10 <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>
21: The COP describes stakeholder engagement	Our Stakeholder engagement which includes regular roundtable meetings held by our Sustainable Banking Committee with external stakeholders ensures senior level engagement. As well we hold regular meetings and briefings with a wide range of external stakeholders from customers to investors, media to NGOs, which is outlined in our Sustainability Report 2015.	Sustainability Report 2015 - page 11-13 <a href="http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf">http://www.rbs.com/content/dam/rbs/Documents/Sustainability/2015docs/Sustainability_Report_2015.pdf</a>