

United Nations Global Compact

Communication on progress



September 2018

“RBS is proud to have been be a signatory of the United Nations Global Compact since 2003. We are committed to running the bank as a more sustainable business, serving today’s customers in a way that also helps future generations. As technological, social and environmental changes shape the world, it’s important to stay connected with evolving customer needs, our shareholders and the wider expectations of society. It is only by supporting our customers and communities to succeed that we will be become a more sustainable bank.”

RBS CEO, Ross McEwan

How we meet our commitment to the UNGC ten principles

For RBS, sustainable banking means serving today’s customers in a way that also helps future generations. It requires us to put our 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 as a full committee of the Board. The Committee’s role is to support the Board in overseeing, supporting and challenging actions being taken by management to run RBS as a sustainable business. The Committee is supported by the RBS Sustainable Banking team, which works across the company to integrate sustainable banking to the heart of everything we do.

We consider the long-term impacts of our decisions and actions. Our enterprise and financial education programmes are making a difference to our customers and communities.

Sustainability is also helping us shape our culture for the better. Our ‘Yes Check’ was introduced five years ago, and continues to be used to guide decision making across the businesses. Our employee volunteering and fundraising partnerships continue to make a difference for the communities we serve, help to restore colleague pride in RBS, and build trust in the organisation.

RBS is committed to supporting the objectives and requirements of the Modern Slavery Act 2015. In our second statement we set out our approach to the MSA, the steps we are taking to protect victims and potential victims of modern slavery, and our aim to prevent and eradicate modern slavery in our business and supply chain.

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 2016 – December 2017.

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 the areas of human rights, labour, environment and anti-corruption. We measure performance and report on this in detail in our combined Strategic Report, and on our Sustainable Banking webpages. In 2018, we published our second combined Strategic Report bringing together financial and non-financial information, describing how we create value and the key influences in our operating environment.	https://investors.rbs.com/annual-report-2017.aspx www.rbs.com/sustainable
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 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.</p> <p>Read our Strategic Report for comprehensive information on how we are building a more sustainable bank.</p>	https://investors.rbs.com/annual-report-2017.aspx
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>At RBS we recognise our corporate responsibility to respect and uphold human rights; our position is endorsed by our Board-level Sustainable Banking Committee. Our commitment to human rights is in alignment with the following standards and principles; The Equator Principles, International Labour Organisation's Declaration of Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, United Nations Global Compact, Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, Women Empowerment Principles and the Living Wage Foundation. Our Statement on Human Rights sets out the scope of our work in this area.</p> <p>We welcome the UK's Modern Slavery Act (2015) and are taking the necessary steps to ensure there is no modern slavery in our business or supply chain.</p> <p>In August 2018, we published our second Annual Modern Slavery Act Statement, outlining the measures we've taken to protect victims and potential victims of modern slavery, and eradicate modern slavery in our business and supply chain. The annual statement builds upon our existing policy framework, which includes: reviewing our policy framework to ensure it meets MSA requirements, identifying and addressing high risks within the business</p>	<p>Strategic Report 2016, p 32. https://investors.rbs.com/annual-report-2017.aspx</p> <p>https://www.rbs.com/rbs/sustainability/responsible-business/business-and-human-rights.html</p> <p>https://www.rbs.com/rbs/sustainability/responsible-business/modern-slavery-act.html</p> <p>https://www.rbs.com/rbs/sustainability/responsible-business/reputational-and-environmental-social-ethical-ese-risks-/managing-ese-risk.html</p>
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		

	<p>and supply chain and providing bespoke training and raising general awareness around modern slavery and human trafficking.</p> <p>We have also updated our sourcing process and the Supplier Code of Conduct to include specific requirements of the Modern Slavery Act.</p> <p>The activities of our customers can have environmental, social and ethical (ESE) impacts including the potential for human rights infringements. To help us assess and manage these risks, we operate an ESE risk management framework. As part of this process, 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.</p>	
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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.</p> <p>To really live our values we continue to reinforce them in our systems, our policies and processes, our communications, training and leadership role modelling.</p> <p>We monitor our progress against our goals. We gather feedback from our colleagues, and through metrics and key performance indicators to assess our progress and respond accordingly. We do this in tandem with feedback from regulators and industry bodies.</p> <p>Almost 60,000 colleagues completed our most recent colleague survey. The results were the most positive we've seen in recent times and showed we're changing the culture of the bank for the better. Key measures of engagement, leadership and our culture have improved significantly, and we're now above the global financial services norm in the majority of our survey categories. The results are encouraging, and show that our hard work is paying off. However, we recognise that we have more to do to make this a stronger bank and a great place to work.</p> <p>We continue to embed 'Determined to lead' (Dtl), our core leadership programme across the bank. Dtl provides consistent tools to lead and engage our colleagues and is transforming the way we operate. In 2017, a further 3,000 leaders participated in the programme.</p> <p>We also offer a broad range of learning which can be mandatory, role specific or related to personal development.</p>	<p>Strategic Report 2017, p 32 & 33.</p> <p>https://investors.rbs.com/annual-report-2017.aspx</p> <p>https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/OurCode_External.pdf</p> <p>http://www.rbs.com/news/2014/11/rbs-becomes-an-accredited-living-wage-employer.html</p> <p>https://www.rbs.com/rbs/sustainability/working-at-rbs.html</p> <p>https://www.rbs.com/rbs/sustainability/working-at-rbs/creating-a-healthy-culture.html</p>
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		

	<p>We updated our Code of Conduct in 2016, which outlines the behaviours we expect of each other and what our customers and communities can expect from us – includes a clear commitment to respect human rights. We also have a simple decision-making guide (called the “YES check”) has been included in the Code of Conduct. It is a simple, intuitive set of five questions, designed to ensure RBS values guide day-to-day decisions.</p> <p>Keeping our employees physically and mentally healthy is a big part of making RBS a great place to work. For example, we offer choice in working locations and patterns, and launched several mindfulness support tools. When colleagues wish to report concerns relating to wrong doing or misconduct and breaches in human rights, they can raise concerns via Speak Up, the bank’s whistleblowing service. In 2017, 289 cases were raised compared to 213 in 2016.</p> <p>To help our colleagues develop a work life balance, to create an inclusive, flexible working culture and to help us focus on our customers’ needs, we offer choice in working locations and patterns. Globally we have enabled c.63,000 colleagues to work from their choice of various offices and/or from home. Feedback from various channels suggests c.43,000 colleagues are already doing so.</p> <p>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.</p> <p>We continue to work towards our goal of having at least 30% senior women in our top three leadership layers across each business by 2020 and to be fully gender balanced (50/50) by 2030. We have a positive action approach in place, tailored by business, according to the specific challenges they face.</p> <p>RBS is also committed to equal opportunities for suppliers, and we recognise that diversity strengthens our supply chain.</p> <p>Selected 2017 highlights include:</p> <ul style="list-style-type: none"> • Feedback in the 2017 employee opinion survey, Our View, showed we are becoming more inclusive – with colleagues scoring the bank 87 points in the inclusion category. This is four points higher than last year, 16 points above the global financial services norm and 11 points above the UK financial services norm • We reached the milestone of training 70% of our workforce to manage their unconscious bias • We were proud to be awarded Diverse Company of the Year at the National Diversity Awards • We received a ‘silver award’ score of 88% in the Business Disability Forum Standard. In 2015, we 	
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	<p>were unrated. We were also winner of Workplace Adjustments Innovation of the Year at Disability Smart Awards 2017</p> <ul style="list-style-type: none"> • We were placed 13th in the Top 100 Stonewall Workplace Equality Index – the highest ranking we’ve ever had and are now rated a Top Global Stonewall Employer • We retained Platinum for our work on Gender in Business in the Community’s Opportunity Now benchmark and our place in the Times Top 50 Employers For Women to work index • We retained Gold for our work on Race in Business in the Community’s Race for Opportunity benchmark • We achieved Top Ten Employer status in the Working Families benchmark • Our employee led networks (ELNs) have grown to over c.20,000 members globally 	
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Robust Environmental Management Policies & Procedures		
Criteria	Comment	Reference
9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship	<p>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 2017, we set new 2020 targets to reduce water use by 10% and paper use by 60%, whilst continuing to target zero waste to landfill. We used a science-based method to set our emissions reduction target of 45% by 2020, and are on track to achieve this ambitious goal.</p> <p>In May 2018, we strengthened our energy financing policies to support the banks transition to a low carbon economy. The new policies cover the mining, power and oil and gas sectors, whereby, the bank will no longer provide project-specific finance to: New coal fired power stations; new thermal coal mines; oil sands projects; arctic oil projects or unsustainable vegetation or peatland clearance projects. Additionally, the bank no longer finances mining companies generating more than 40% of their revenues from coal, or, power companies generating more than 40% of their electricity from coal (both reductions from a previous 65%).</p> <p>We make significant lending available to support the transition to a low carbon economy. In 2017, we lent over £1.2 billion to sustainable energy. We have also been externally recognised as the largest lender to the UK Renewable energy sector by number of transactions (2011-2017) according to InfraDeals, a renewables and infrastructure market data provider.</p> <p>During 2017, key highlights included:</p> <p>NatWest supported Ventient Energy Ltd on the refinancing of the UK’s third largest onshore wind portfolio, which comprises of 35 fully operational assets with a total capacity of 711MW and represents 6.6% of UK onshore wind capacity.</p>	Strategic Report 2017 – page 30 https://investors.rbs.com/annual-report-2017.aspx
10: The COP describes effective management systems to integrate the environmental principles		https://www.rbs.com/rbs/sustainability/responsible-business/approach-to-climate-change.html
11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship		https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/rbs-protecting-the-environment-policy.pdf https://www.rbs.com/rbs/sustainability/downloads.html

	<p>NatWest Markets helped SSE plc issue its inaugural Green Bond where proceeds will be used to refinance existing Green projects, specifically targeting onshore windfarms.</p> <p>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 Strategic Report.</p> <p>RBS includes environmental principles and standards in its Supplier Code of Conduct, which requires suppliers to minimise environmental impacts from the production and distribution of products or services, which was updated in April 2018.</p>	
Robust Anti-Corruption Management Policies & Procedures		
Criteria	Comment	Reference
12: The COP describes robust commitments, strategies or policies in the area of anti-corruption	<p>RBS has a zero tolerance approach to bribery, corruption, money laundering, sanctions and terrorism financing. In July 2018 we published a revised version of our Anti-Bribery and Corruption (ABC) Statement. We continue to enforce our Anti-Money Laundering and Sanctions Policies and Mandatory Procedures, and conducted a Financial Crime Assessment within all our franchises. In 2016, over 95% of employees completed training on anti-money laundering, anti-bribery and corruption and sanctions. In 2017, over 99% of employees completed training on anti-money laundering, anti-bribery and corruption and sanctions.</p> <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>Sustainability Report 2015 - page 32 - 33. https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/Sustainability_Report_2015.pdf</p>
13: The COP describes effective management systems to integrate the anti-corruption principle		<p>Transparency International: http://www.rbs.com/news/2014/11/rbs-leads-the-field-in-transparent-reporting.html</p>
14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption		<p>https://www.rbs.com/rbs/sustainability/responsible-business/our-tax-responsibilities.html</p>

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. We hosted one of their Sustainable Development Goals Working Group meetings in June 2017 to discuss defining priorities towards the SDGs.</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 is estimated to have helped 4.5 million young people learn about money since we started 22 years ago. It is the only financial education programme to deliver learning to 5-18 year olds, both in the classroom and at home. By the end of 2018, we will have helped a further one million young people.</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.</p> <p>https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/Sustainability_Report_2015.pdf</p> <p>https://www.rbs.com/rbs/sustainability/sustainable-banking-at-rbs/external-commitments.html</p> <p>UNEPFI: http://www.unepfi.org/members/</p> <p>UN Global Compact UK Network: https://www.unglobalcompact.org/what-is-gc/participants/8080-Royal-Bank-of-Scotland-</p> <p>Supporting financial education: https://www.rbs.com/rbs/sustainability/customer-focused/financial-capability.html</p>

<p>16: The COP describes strategic social investments and philanthropy</p>	<p>Our recorded community investment for 2017 was £29.3 million, measured using the London Benchmarking Group standard.</p> <p>Our Social and Community Capital charity has provided around £4.3m social finance to personal community finance institutions (CDFIs). These organisations provide an affordable, community-led alternative to payday loans and work in some of the most under-served communities in the country.</p> <p>Do good, feel good is our bank-wide community campaign for 2017 with a call to action to get all employees involved in fundraising and volunteering regardless of where in the world they work. This campaign has 4 targets: to give 100,000 hours of our work time to charitable causes, raise at least £4m for charitable causes, 2,500 employees delivering MoneySense lessons and to train 40,000 of our employees in CPR. As an outcome, we raised £4,312,772 for charity, contributed 86,093 business hours of volunteering, 41,652 employees trained in CPR and 3,236 employees volunteered for Money Sense.</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. We have also set a target for each Executive Committee member to have at least 30% women in senior roles (the top three leadership layers) by 2020 and we continue to work to be fully gender balanced (50/50) by 2030.</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. Our Innovation Gateway crowdsourcing community is a partnership with corporates and universities, now sourcing new solutions from 1,500 SMEs. We've tested 36 of these new products in our facilities since 2014 with notable success in reducing water usage.</p> <p>In 2017, we supported the Disasters and Emergency Committee (DEC) East Africa Crisis Appeal raising over £211,000 through our employees and customers. We've also supported the Appeal for People Fleeing Myanmar which, so far, has raised almost £50,000. We also have been working with the British Red Cross supporting the UK Solidarity Fund for people who have been affected by terror attacks in the UK.</p>	<p>https://www.rbs.com/rbs/sustainability/responsible-business/giving-and-volunteering.html</p> <p>Strategic Report 2017 – page: 24, .</p> <p>https://www.rbs.com/rbs/sustainability/responsible-business/enterprise.html</p>
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17: The COP describes advocacy and public policy engagement	<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. We also addressed 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>RBS is a founding partner of 'Friends Against Scams', the National Trading Standards Scam Team's fraud and scams awareness initiative. More than 20,000 colleagues have completed the relevant training.</p> <p>We continue our innovative Citizens Advice partnership, where Citizens Advice colleagues are located within one of our Specialist Support teams providing independent generalist/debt advice to our most vulnerable customers. We have helped over 2,500 vulnerable customers since this partnership commenced in September 2015. In partnership with the Money Advice Trust, we developed Industry leading Addictions Training for our colleagues and use across the sector.</p>	<p>Sustainability Report 2015 - pages 11, 21, 29. https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/Sustainability_Report_2015.pdf</p> <p>https://www.rbs.com/rbs/sustainability/customer-focused/financial-capability.html</p> <p>https://www.rbs.com/rbs/sustainability/sustainable-banking-at-rbs/stakeholder-engagement.html https://www.rbs.com/rbs/sustainability/customer-focused/customers-in-vulnerable-situations.html</p>
18: The COP describes partnerships and collective action	<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 partnership 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>Strategic Report 2017 - pages 26-36, & 32-40. https://investors.rbs.com/annual-report-2017.aspx https://www.rbs.com/rbs/sustainability/responsible-business/reputational-and-environmental-social-ethical-risks-equator-principles.html</p> <p>https://www.rbs.com/rbs/sustainability/sustainable-banking-at-rbs/stakeholder-engagement.html</p>
Corporate Sustainability Governance and Leadership		
Criteria	Comment	Reference
19: The COP describes CEO commitment and leadership	<p>See above statement of support from our CEO and his review in the 2017 annual Strategic Report, on our ongoing commitment to the UNGC.</p> <p>We are committed to participate with our peers in initiatives such as the Thun Group and United Nations Environment Programme Finance Initiative.</p> <p>We have adopted the Equator Principles Association Steering Committee, since their inception in 2003, to manage social and environmental risks, including human rights, in project-related transactions. We will not provide project finance where the borrower will not, or cannot, comply with these principles of socially responsible</p>	<p>https://investors.rbs.com/annual-report-2017.aspx https://www.rbs.com/rbs/sustainability/sustainable-banking-at-rbs/external-commitments.html</p>

	investment.	
20: The COP describes Board adoption and oversight	The governance section of the Strategic Report 2017 describes our governance structure and oversight and outlines in further detail the role of the Board-level Sustainable Banking Committee, chaired by a non-executive Director.	Strategic Report 2017 - page 48 & 51. https://investors.rbs.com/~media/Files/R/RBS-IR/annual-reports/ar-2017/RBS-FY2017-Strategic-Report-23feb2018.pdf
21: The COP describes stakeholder engagement	<p>RBS exists to serve customers well and we put our customers at the heart of everything we do. This means having an understanding of our impact across all stakeholders of the bank. Understanding who our stakeholders are and their views helps inform our overall strategy. Our Strategic Report 2017 has a chapter dedicated to our stakeholders with examples of how we engage. On rbs.com a table of our stakeholders details ways we engage, main issues raised in 2017, and example outcomes of engagement.</p> <p>Since 2011 our Sustainable Banking Committee has hosted regular engagement sessions to allow external stakeholders to talk openly and directly on key issues with our Non-Executive Directors and Management. In the last year academics, investors, regulators, NGOs and consumer groups have given views on Purpose, Consumer Credit & Debt, Ethics & AI and Technology for Social Good.</p>	<p>Strategic Report 2017 - page 8 & 48. https://investors.rbs.com/~media/Files/R/RBS-IR/annual-reports/ar-2017/RBS-FY2017-Strategic-Report-23feb2018.pdf</p> <p>https://www.rbs.com/rbs/sustainability/sustainable-banking-at-rbs/stakeholder-engagement.html</p>