



# **Ethical Policy**

**March 2021**

# Ethical Policy

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## 1. Introduction

### 1.1 Purpose and Scope

The purpose of this document is to define the policy to be followed by Reliance Bank (RBL) regarding the management of reputational risk, specifically with regards to its ethical approach and values.

**Scope:** The scope of this policy is business wide. It includes all business areas that form a part of Reliance Bank's operations. Where external outsourcing arrangements are entered into, the Bank's expectations on behaviours and approach should be clearly set out, in a proportionate manner.

### 1.2 Risk Management Objectives

The Bank's Risk Management Objectives are as follows:

- To protect the interests of all stakeholders in the Bank
- To identify and evaluate all the major risks facing the Bank
- To take action to mitigate these risks and actions where appropriate
- To report identified risks and actions to Audit Risk and Compliance Committee
- To integrate a robust risk management culture into the Bank
- To fully document major threats and opportunities
- To implement cost effective actions to reduce risks
- To maintain, update and revise a register of risks and their controls
- To report and record losses and 'near miss' events
- To maintain a record of breaches of Risk Management policy and controls

This ethical policy is key to the successful achievement of these objectives.

### 1.3 Principles of Ethical Policy

Reliance Bank Limited ("RBL") have chosen to follow the ethical position of its founding shareholder, The Salvation Army. To support this position the Bank has also adopted the UN Sustainable Development Goals ("SDGs") which help align organisations' ethical focus across the globe and provide a framework for social impact reporting. [[SA link to Sustainable Development Goals](#)]

The 17 SDGs were launched in 2015 as a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda and are sometimes referred to as a triple bottom line or as the three P's – People, Planet, Profit.

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## SUSTAINABLE DEVELOPMENT GOALS



It is likely that Reliance's focus will mainly be in SDGs 1-4, 8, and 11-13.

### 1.4 Risk Strategy

The Bank aims to follow these principles across its business and as the Bank develops the maturity of its social impact reporting, key statistics may be monitored against the SDG headings, by business activity.

## 2. Business activities relevant to the ethical policy

Each element in section 2 identifies a core activity and outlines the expected standards and outcomes.

### 2.1 Customer relationships

RBL conducts due diligence on all new customer and material supplier relationships. These reviews include a robust assessment such that the Bank does not knowingly conduct business with individuals or entities:

- who fail to uphold the principles of the Universal Declaration of Human Rights
- whose main source of income is derived from sales of tobacco, alcohol, gambling, pornography or armaments
- who do not conduct their business affairs in a socially responsible manner.

Banking customers are generally attracted to RBL by our ethos and often therefore prioritise shared values over price. This demonstrates their social intent. Customers whose activities after onboarding negatively impact the Bank's reputation would be asked to move to another Bank.

Customer lending is prioritised on the retail customer side through mortgages for individuals with disabilities, affordable housing provision and the needs of key workers. On the commercial business side, lending is prioritised to charities, social enterprises, faith organisations, healthcare, social housing, and education providers. Customers in these sectors are not automatically 'social impact'

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and borrowers do not necessarily have to meet one of the 17 SDG provisions either. Each case is judged on its own merit and this is documented at onboarding and at the annual reviews.

The Bank uses a positive approach guided by what it wants to do and the impact it wants to have. The customer exclusions below follow on from this positive approach, outlining clearly sectors and activities which do not fit with our values:

*Negative impact on people:* alcohol, gambling, pornography, tobacco, weapons, conflict minerals, human rights failures and lack of labour rights

*Negative impact on the planet:* animal testing, factory farming / fisheries, fur and specialty leather, deforestation, fossil fuel energy, genetic engineering, hazardous substances and mining

*Negative ethics:* poor accounting practices, corruption, tax evasion or violation of laws, codes and conventions.

## 2.2 Supplier relationships

RBL conducts due diligence on all new material supplier relationships. These reviews include a robust assessment such that the Bank does not knowingly conduct business with individuals or entities:

- who fail to uphold the principles of the Universal Declaration of Human Rights
- whose main source of income is derived from sales of tobacco, alcohol, gambling, pornography or armaments
- where possible are not involved in supporting the wider excluded activities above
- who do not conduct their business affairs in a socially responsible manner.

Material outsource contracts are subject to regular (at least annual) review and ongoing supplier CSR is discussed at these meetings including a review of their annual accounts and website and a 'bad news' media search. The Bank is committed to paying suppliers within 30 days of receipt of invoice.

## 2.3 Treasury investments

RBL conducts due diligence on all new treasury counterparties from a credit risk perspective. These reviews are updated regularly to ensure that counterparties remain within credit risk appetite. Regulatory obligations and day to day operational requirements dictate that the bank will generally deposit funds with other Financial Institutions.

It is recognised that RBL's ethos may not be mirrored by these institutions. A high-quality liquidity buffer must be retained in the Bank of England reserves account at all times. Other counterparties are selected based on risk, availability, currency and term. Where there are multiple options to invest within policy, preference will be given to those institutions based in countries with the highest ethical standards.

The Bank does not invest in equities.

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## 2.4 Premises, operations and taxation

The Bank supports and encourages recycling of paper, cardboard and toner cartridges. Contracts for office supplies are assessed on their impact on the environment in the same way as material outsourced suppliers.



Reliance subscribes to the principle of

“reduce, re-use, re-purpose, recycle” and where possible seeks to donate redundant office furniture to organisations in need.

Staff are encouraged to bring forward ideas that save water and electricity as well as time and money through our suggestions box.

Customers are encouraged to make use of the electronic bank statements option through the bank's internet banking service. An annual marketing campaign is conducted explaining the impact of printing hard copy statements and highlighting the alternatives.

RBL does not engage in tax planning schemes and promptly settles its tax liabilities.

## 2.5 People

Staff remuneration must exceed the London Living Wage threshold for all employees directly employed by the Bank; work continues with third parties who provide services (such as cleaners) to widen the application of this threshold to all. The Bank does not pay staff bonuses or success fees and sets balanced scorecard objectives linked to a range of outcomes that drive the Bank's performance, stability and adherence to regulatory conduct and behaviour.

As an ethical and regulated firm, all employees must follow HR policies and meet regulatory 'fit and proper' standards as applicable. All new employees are subject to referencing and credit checks as well as more detailed scrutiny if required by the regulatory regime.

The Bank has a policy against employees entering into other employment and contractors are treated as employees for the purposes of this policy unless they are contracted for a short period with project-specific objectives.

The Bank has historically attracted employees whose values fit with those of the Bank. Employees are given two paid days a year to engage in volunteering; events are organised by the Bank on an ad hoc basis and individuals are encouraged to complete their own volunteering and fundraising activities.

The Bank does not discriminate on gender, race, age, sexual orientation, marital status or nationality. It seeks to maintain a professional, capable workforce and to support and develop our people to provide excellent customer service. The Bank does not currently publish its gender pay gap and this can be subject to large swings due to the small number of employees. The data is provided annually to the Board who also review remuneration policies. The Bank's approach to pay and conditions of employment is gender neutral.

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The Bank does everything possible to avoid inadvertently engaging those who present themselves as looking for work but who are in fact victims of modern slavery. We follow safe recruitment practices ensuring that everyone who is offered a role with us, whether permanent or temporary, agency worker or contractor, has appropriate pre-employment checks. This includes appropriate references, and right to work and disclosure checks where appropriate.

Our Group shareholder's response on modern slavery can be found here:

[www.salvationarmy.org/isjc/SAFightforFreedom](http://www.salvationarmy.org/isjc/SAFightforFreedom)

## 3. Roles & Responsibilities

### 3.1 Board of Directors

The Board of Directors are accountable for ensuring that the reputational risks at Reliance Bank are adequately and effectively managed and are responsible for the oversight of policy decisions concerning the ethical approach of the Bank.

### 3.2 Executive Committee (Senior Management)

Senior Management have the responsibility for implementing the policy framework approved by the Board of Directors. Senior Management shall also ensure that operational decisions take into account the Bank's ethical approach.

### 3.3 Employees

All employees are responsible for actions and decisions taken which would reflect on the Bank's reputation. Employees are attracted to RBL because of our ethical approach and are encouraged to bring this attitude to bear in all business activities.

## 4. Reporting and Policy Review

### 4.1 Reporting

The Bank's annual report and accounts and website are currently the main sources of information for external parties. As the Bank develops the maturity of its social impact reporting, key statistics may be monitored against the SDG headings, by business activity and published separately on the Bank's website.

### 4.2 Annual review of Policy

The Board of Reliance Bank will approve this policy on a biennial (every two years) basis.

It is recognised that parts of the business may not always be able to meet full policy requirements. Any modifications or exceptions to this policy must be approved by the Bank's Board.