



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 Board Conduct, 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.

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 three P's – People, Planet, Profit.

Annually, the Bank publishes on its website a Social Impact report, highlighting the positive social change it has been able to deliver during the year. [ADD LINK HERE](#). The Bank has regard to the FCA guidelines on 'greenwashing' including GC23/3 (last updated January 2024).

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SUSTAINABLE DEVELOPMENT GOALS



Part of Reliance Bank's ethical focus is on providing excellent and sometimes bespoke servicing to the Salvation Army to further their Mission in a manner aligned with our common values and this ethical policy.

The other main source of social impact is to facilitate borrowing for organisations who have a social impact, including a wide range of faith-based charities. Whilst the Bank's exclusions (see section 2.1) relate to a very few types of organisations, Reliance's focus will likely remain 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 sustainability and 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:

- 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.

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Customer lending is prioritised on the retail customer side through mortgages for individuals with disability benefits, 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' and conversely 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 (including the approach to managing climate change) 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.

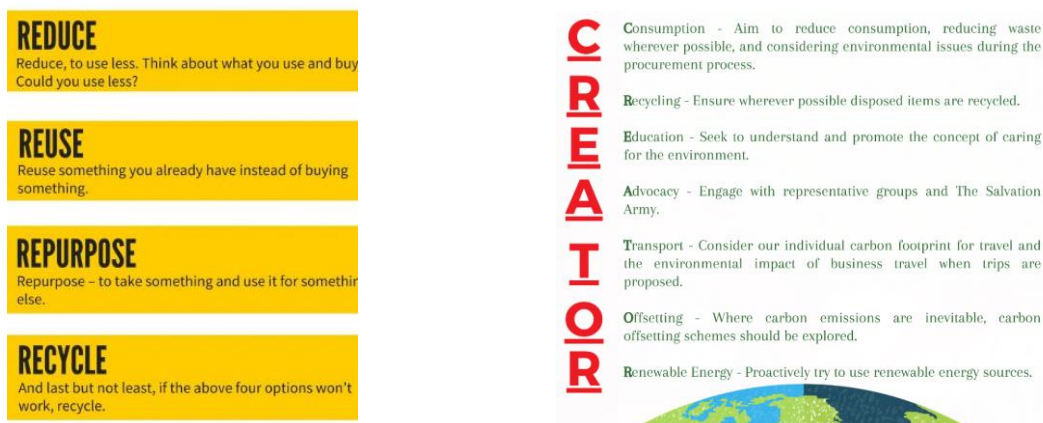
It is recognised that RBL's ethos may not be mirrored by these institutions. A high-quality liquidity buffer must be retained in the Bank of England reserves account at all times. Other counterparties are selected based on risk, availability, currency and term. Where there are multiple options to invest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

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The Bank does not invest in equities or pseudo equity instruments such as long-dated, unsecured corporate bonds. In the medium term, the Bank is investigating opportunities to support climate change ventures, whilst avoiding “greenwashing” actions that have no tangible benefit to the planet.

2.4 Premises, operations, donations and taxation

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. Waste is recycled through the City of London waste scheme. The Bank is also part of the Salvation Army’s “CREATOR” programme:



Customers are encouraged to make use of the electronic bank statements option through the Bank’s internet banking service.

Since 2022, the Bank has tracked its basic environmental footprint in terms energy and water usage, private car mileage and train miles taken, waste recycled and printing of publications. This data is shared with our parent entity who will publish details of the Group’s impact annually. Wherever possible, the Bank uses LED lightbulbs, recycled paper for internal use and sourced marketing promotional collateral avoiding single use plastic. We continue to review our purchasing policies.

The Bank does not make sponsorships or any donations to political parties or associated causes and has clear Gifts & Hospitality and Anti-Bribery & Corruption policies. The Bank mainly donates to the Salvation Army via an annual gift aid payment. From time to time the Bank may donate small amounts to charities approved by the Executive Committee (less than £2,000 per annum in total) usually in the form of matching employee fundraising. Bank donation matching is not guaranteed and is subject to Executive review of amounts and destination, including identification of the ultimate beneficial owners or controllers of the recipient organisation. All donations are monitored by the Executive Committee and reported annually by way of the Annual Report and Accounts.

RBL does not engage in tax planning schemes and promptly settles its tax liabilities. The Bank has carried forward accounting losses for the period 2020-2022 and therefore in accordance with UK tax rules, will not pay corporation tax on future profits until these losses are fully utilised.

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2.5 People

Staff remuneration exceeds the London Living Wage threshold for all employees directly employed by the Bank; and in 2023 this was widened to include 3rd party employed cleaners. 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 culture, performance, stability and adherence to regulatory conduct.

A new staff benefit framework was introduced in 2024 which provides staff with a well-being allowance dedicated to improving physical and mental health. Employees have access to an Employee Assistance Programme which includes up to six counselling sessions and the Chaplain from the Salvation Army International Headquarters is available for pastoral care.

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. Checks are repeated regularly during an employee's tenure.

The Bank has a policy against employees entering into other employment without formal approval 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, religion, 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.

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

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.