

*This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015. It constitutes the Santander UK Slavery and Human Trafficking statement for the financial year ending 2020.*

# **Santander UK Group Holdings plc**

## **Modern Slavery Statement 2020**

### **Introduction**

#### **Our business**

Santander UK Group Holdings plc and relevant subsidiaries (together, "Santander UK") operate primarily in the UK and provide a wide range of personal and commercial financial products and services.

Santander UK serves more than 14 million active customers with around 21,000 employees and operates through 564 branches as well as regional Corporate Business centres across the UK.

This is Santander UK's fifth statement pursuant to the Modern Slavery Act 2015 (the "Act") and sets out steps we are taking to prevent modern slavery and human trafficking ("MSHT") in our workforce and supply chain, as well as detecting and disrupting those profiting from the proceeds of MSHT.

#### **Approach and Risk Profile**

Since the introduction of the Modern Slavery Act 2015 (the "Act"), we have conducted a review of how we prevent slavery and human trafficking in our business and supply chain. Our key focus areas, each of which is covered in this statement, are customer due diligence, collaboration and information sharing, risk associated with third party suppliers and pensions providers, and employee training. We recognise that the business response to human trafficking and modern slavery should continually improve and we welcome stakeholder feedback to help strengthen and develop our strategy in this area.

Our [Banco Santander Human Rights policy](#) sets out our commitment to protect human rights. This policy takes into account the UN Guiding Principles on Business and Human Rights and sets out our opposition to forced labour and child exploitation. We adopted this policy at a Santander UK level through Board approval in July 2020, strengthening our local approach and commitment to tackling human rights.

Our position is that Santander UK Group will not enter into or maintain relationships with persons and/or entities known to be involved in human rights abuses such as child labour and modern slavery. This is given effect to by our Anti-Money Laundering Standards.

Given the nature of our business and our workforce, the modern slavery risk within our own workforce is minimal. The principal areas of modern slavery risk for Santander UK arise in relation to our relationships with third parties, including our supply chain, and our customers with regards to handling the proceeds of human trafficking. We recognise that, as modern slavery and human trafficking represent one of the largest global criminal industries, financial institutions are in a unique position to disrupt the industry by identifying the proceeds held by perpetrators of this crime and sharing intelligence with law enforcement.

# Steps taken across our business and supply chain

## Actions taken in 2020:

- We refreshed our assessment of modern slavery risks in our supply chain by mapping our suppliers against global estimations and vulnerability to modern slavery using the Global Slavery Index.
- Our supplier assessment (FSQS) was completed by 80% of in-scope suppliers that were used by Santander in 2020, up from 77% in 2019.
- We continued to work with a leading consultancy and developed an enhanced remote assessment process due to the impacts of Covid-19 for on-site delivery. The control questionnaire was enhanced in line with best practice, including elements regarding modern slavery risk.
- We updated our third-party policies and supplier code of conduct to reflect our updated risk appetite around modern slavery and human trafficking.

## Targets for 2021:

- Complete the deep-dive thematic assessment on higher risk suppliers for Modern Slavery, and work with suppliers to complete remediation as necessary.
- Continue to enhance and embed the Third-Party Supplier Assessment approach, with improved remote and on-site capabilities.
- Invite suppliers not currently completing FSQS to do so, or request alternative assurance.

## Our supply chain

### Overview and Risk Profile

We have over 1,300 active suppliers covered by our procurement processes, with the main categories of purchasing spend related to technology, operations, and property.

As in 2019, we re-assessed the modern slavery risk presented by our supplier profile for 2020 using the Global Slavery Index (Walk Free Foundation). In excess of 99% of our suppliers are incorporated in countries identified as low risk in the Global Slavery Index. Of the fewer than 1% of suppliers in higher risk countries, including China, Israel and India, the types of goods and services procured are generally considered to be lower risk. In 2021 we are collaborating with Stop The Traffik (Modern Slavery consultants) who are supporting Santander UK with a review of our supplier base.

We have a series of policies, guidelines, processes, and committees to manage our supply chain and risks. In 2019, these were reviewed and aligned to our risk appetite statement regarding modern slavery and human trafficking which clarifies that "the Santander UK Group will not enter into or maintain relationships

with persons and / or entities known to be involved in human rights abuses (e.g. child labour and modern slavery)".

## **Policies**

Our Third-Party Outsourcing & Risk Management Policy was updated in 2019 to reflect our revised Risk Appetite Statement. This sets out processes to identify, assess, manage, and report potential risks in our supply chain, such as a requirement for an assigned Service Director and Service Manager (i.e. contract managers) for each supplier, with responsibility to minimise risk, including risks relating to modern slavery. Our Third-Party Code of Conduct also went live in 2019. This Code references our Group Human Rights Policy and International Labour Organization standards, including prohibition of forced labour. As a Living Wage Foundation accredited company, we also require employees of third-party suppliers working in our buildings to be paid the Living Wage. Furthermore, our standard contract terms include provisions relating to Human Rights and Labour Rules which are subject to periodic review. Suppliers must confirm that they comply with our Code of Conduct during onboarding. Our policy is to hold regular meetings with suppliers and work with them to ensure compliance with Santander UK standards and policies. Our Third-Party Sustainability Policy also covers Santander's commitment to tackling modern slavery from an ethical and legal perspective to ensure that it has no place within the supply chain.

## **Processes**

### *Supplier Due Diligence:*

Our core third party suppliers must complete a Financial Services Qualification System ("FSQS") assessment prior to the start of the contractual relationship with Santander UK and annually thereafter to ensure they meet our due diligence requirements. This self-assessment, which requires them to submit assurance and compliance data, is completed by the supplier and reviewed internally. In 2019, we amended our processes so that any third party supplier which fails to provide satisfactory answers to the Modern Slavery questions is subject to a formal review conducted by senior stakeholders to assess whether it would be appropriate for the supplier to be renewed/onboarded.

In 2020, we had 1,019 active in-scope suppliers, and 815 (80%) of these had completed the assessment or were deemed to be exempt. This is compared to 77% in 2019. Moving into 2021, our target is to achieve greater coverage of suppliers completing the FSQS assessment. To achieve this, we are continuing to refine our assessment of suppliers and their understanding of the Modern Slavery requirements.

### *Third -Party Supplier Control Assessments:*

In 2020, we continued working with a leading consultancy and both enhanced and adapted our approach to third party supplier control assessments ("TPSC assessments") in light of the challenges and impacts Covid-19 had on our suppliers and travel restrictions. We introduced an enhanced remote assessment questionnaire which enabled us to continue to assess key elements of the supplier control environment, validate self-attested FSQS responses, and confirm that suppliers are meeting our key requirements. Suppliers selected for assessment are prioritised based on the inherent risk of the service and a risk

assessment methodology. TPSC assessments include a review of the supplier's Modern Slavery Statement and Labour Standards policies.

In 2020 we assessed 12 suppliers, with 12 reports delivered. Due to Covid-19 impacts, 34 assessments commenced in H2 2020, with report delivery due in the first half of 2021. There have been zero findings to date related to modern slavery and/or labour standards. However, in one instance, a supplier did not provide evidence of their annual pay review for confidentiality reasons. This will be an action in their report which will be monitored and tracked through the TPSC remediation process.

In addition to the further enhancements to the TPSC assessments and the depth of testing procedures, we have committed to delivering a deep-dive thematic assessment on higher risk suppliers for Modern Slavery, of which the outputs will be finalised in 2021 and forms part of our continuous improvement programme of work. We also intend to continue to work with a leading consultancy to deliver TPSC assessments throughout 2021, whilst exploring other industry initiatives on approaches to supplier control assessments which are currently under pilot.

### **Committees**

Our Third-Party Risk & Supplier Forum reviews third party supplier risks and provides a mechanism to escalate key issues identified to senior risk fora within our corporate governance framework. These would be escalated to our Reputational Risk Forum (RRF), launched in 2018. The RRF has Executive Committee members, including our Chief Legal & Regulatory Officer, and this forum holds ultimate responsibility for reviewing modern slavery risks with third party suppliers. This forum reports to our Board Responsible Banking Committee.

### **Effectiveness of our procurement policies and procedures**

We believe that our supplier due diligence policies and procedures mitigate the risk that slavery and human trafficking might take place within our supply chain. Our enhanced approach to TPSC assessments further increases the visibility we have over our key suppliers, while our Modern Slavery risk appetite has been reflected in tougher new processes surrounding the Modern Slavery questions within our FSQS assessments. However, we need to continue to work towards full coverage of suppliers completing FSQS assessments when requested, and to further improve our visibility and mitigation of modern slavery risk in the supply chain.

## Our customers

### **Actions taken in 2020:**

- **Supported to create a National Crime Agency (NCA) alert on recruitment agencies and modern slavery, detailing the typology and providing indicators that were shared across the industry and law enforcement.**
- **Collaborated in intelligence-based investigations to successfully disrupt criminals profiting from this illegal industry.**

### **Targets for 2021:**

- **Continue to drive UK-wide Anti-Financial Crime education and awareness initiatives.**

We recognise that, as a financial services business, our greatest impact on prevention of human trafficking and modern slavery is to identify the proceeds of this crime. Human trafficking is a serious predicate offence to money laundering and generates \$150bn a year in profits for traffickers, according to International Labour Organization (ILO) estimates. As such, our Financial Crime team and Financial Intelligence Unit continue with focused efforts to address money laundering associated with human trafficking and modern slavery.

The SAN UK Anti Money Laundering Standards prohibit relationships with customers who are known to be engaged in human rights abuses, including modern slavery/child labour. Any customer who is alleged to be involved in the same is subject to enhanced due diligence and review by our Onboarding and Exits Forum. External suspicious activity reports are made to the NCA where we suspect Modern Slavery activity. The Standards also outline the variants of Modern Slavery in detail, providing guidance on red flag indicators and the offences as defined by the Modern Slavery Act 2015. Colleagues are also guided on the escalation routes and obligations to report any suspicions or concerns that a customer is partaking in, or a victim of, Modern Slavery activity. The Standards provide contact details for both the Modern Slavery Helpline and Stop the Traffik.

We recognise the importance of collaboration and information sharing and have developed strong relationships with key stakeholders, including the NGO 'Stop The Traffik', so we can understand more about the risk of Human Trafficking, and what we can do to ensure these crimes are detected and disrupted. We are also committed to sharing intelligence with the National Crime Agency and industry organisations such as the Joint Money Laundering Intelligence Task Force (JMLIT). Operational engagement through the JMLIT and its expert working groups, including the Human Trafficking, Modern Slavery and Organised Immigration Crime Group, has supported intelligence-led investigation and analyses. Together, we have developed typologies to detect possible human trafficking. Working with Stop The Traffik, the Gangmasters & Labour Abuse Authority, NCA and NatWest Group, a NCA Alert was created, detailing the specifics of the typology and providing indicators that can be used across the industry and law enforcement to facilitate detection and disruption of modern slavery through recruitment agencies. This alert was distributed by the NCA and shared with all JMLIT members.

In 2021, we will continue to focus on developing typologies that will help us identify human trafficking or related crimes, and on sharing these with the industry and other financial crime professionals.

This year our Financial Crime Investigations team were actively involved in various cases. In one of these, we launched an intelligence investigation into modern slavery in the textile industry in Leicester. Through the investigation, a number of customers were identified and investigated and subject to analysis to detect potential indicators and behaviours which could be shared with investigation and front line colleagues for awareness and the business to enhance anti-money laundering (AML) controls. Banking services were removed from a number of customers, thereby disrupting their illicit money-flow. In another case, we received intelligence from our membership of the JMLIT regarding individuals suspected of trafficking persons into the UK for sexual exploitation. Our investigation identified a number of additional subjects previously unknown to law enforcement and suspicious activity reports were submitted. Banking services were withdrawn from the identified customers.

In 2019, we reported that we had expanded our list of high-risk industries, on which we undertake enhanced due diligence, to include adult entertainment businesses, which are considered a potential modern slavery risk given that forced sexual exploitation is estimated to generate two-thirds of the global profits from modern slavery and human trafficking. In 2020, Santander have collaborated with the National Crime Agency to create an alert on the sexual exploitation of adults in the UK. This will be used to facilitate detection and disruption of human trafficking and modern slavery by providing an updated typology and indicators.

### **Effectiveness of our financial crime approach**

We believe that our co-operation with other stakeholders, including financial institutions, law enforcement and specialist NGOs, is an important and effective tool in the ongoing fight against modern slavery and human trafficking. As a result of reports made by Santander during 2019 and 2020, we understand that the activities of criminals seeking to profit from modern slavery and human trafficking have been disrupted by law enforcement. We are proud to have played a role in ensuring that those criminals can be brought to justice, but we recognise that continued vigilance and co-operation will be necessary across the financial industry to help prevent modern slavery and human trafficking.

## Our workforce

### **Actions taken in 2020:**

- **We developed a targeted training with Stop the Traffik to raise awareness for colleagues to detect and disrupt modern slavery and human trafficking, launched virtually in Q4 2020.**
- **Specific training delivered to key stakeholders in the business through workshops and strategy events.**
- **2020 mandatory Financial Crime training included a training video with a case study developed from a real life event, focused on the behaviours and transactions of a customer that could indicate human trafficking.**

### **Targets for 2021:**

- **Leverage partnership with anti-human trafficking NGO “Stop the Traffik” to improve our controls, processes, and policies across the organisation in order to prevent modern slavery.**

As a UK financial services organisation, we have a high-skilled workforce at low risk for modern slavery. To ensure none of our employees are victims of human trafficking or modern slavery, we have a range of policies and processes in place.

All of our employees and contractors are required to go through a vetting process, which includes making sure they have a right to work in the UK. Every employee has a contract of employment that sets out the terms and conditions of their employment, and part-time employees have the same Terms and Conditions and the same access to benefits as our full-time colleagues. We engage with third party suppliers to provide additional staff resource based on business demand. These staff receive no less favourable terms and conditions than our permanent workforce and we work in compliance with the UK's Agency Worker Regulations. We pay employees a real living wage and have been an accredited Living Wage employer since 2015. We regularly review payroll data to check for duplicates or wages being paid into others' accounts. Santander UK has a successful history of working in partnership with its recognised trade unions, Advance and the Communication Workers Union (CWU), who collectively negotiate on behalf of our UK workforce (approximately 99.5% of colleagues). Both trade unions are affiliated to the Trades Union Congress. We consult Advance and the CWU on significant proposals including those relating to change across the business at both national and local levels.

### **Training**

Colleagues across the organisation are provided with regular and up-to-date training, to ensure they have the tools to deter, detect and disrupt financial crime. Our staff are our eyes and ears, and understand that we all have a part to play in preventing financial crime. San UK senior leadership are strong advocates of our Anti Financial Crime Culture, which is the heart of our Anti Financial Crime Strategy. At Santander we take tackling financial crime seriously, and it is for this reason that we fully embed our Anti Financial Crime Culture in all communications that are sent across the Financial Crime function and across the whole bank.

Fighting Financial Crime training was mandatory for all employees in 2020. This included a video-based real-life human trafficking case study seen in a branch, highlighting indicators, interaction and setting out what action should be taken if suspicion exists. We also launched video training developed by the Santander Vulnerable Customers team for all colleagues. This focused on the impacts of labour exploitation on victims and communities.'

We have continued a relationship developed in 2019 with Stop the Traffik, centred on developing our employee awareness through targeted trainings and building internal expertise. In 2020, Anti Financial Crime Strategy held a virtual three-day conference with over 400 colleagues in attendance and external speakers from the National Economic Crime Committee and Stop the Traffik, raising awareness on the harms and red flags of human trafficking. Sustainability and Stop the Traffik delivered a workshop in September 2020 with key stakeholders from across Santander, including Anti Financial Crime, HR, Pensions, and Vulnerable Customers teams. This helped us benchmark our efforts and identify ways to continually improve our policies and processes.

During 2020, we collaborated with Stop the Traffik to create a visual training package for Line 1 and High Risk role colleagues. These are mainly customer-facing roles including branch staff, contact centre staff and business relationship managers. The training aims to educate colleagues with up-to-date red flags and indicators, as well as dispelling some of the common misconceptions and stereotypes and empower our colleagues across the Bank to detect, deter and disrupt human trafficking and modern slavery, protect our most vulnerable customers & communities, and enhance financial crime culture. The training was launched in December 2020, and by the end of Q1 2021, 91% of colleagues in scope have completed the training, with positive feedback on how this has helped colleagues spot signs of potential human trafficking and modern slavery.

Santander Financial Intelligence Unit (FIU) and Learning & Development teams are releasing a series of podcasts on Financial Crime available to all Santander UK colleagues which includes one on the subject of Modern Slavery. The podcast features Stop the Traffik and the Senior Manager of the FIU in a discussion about modern slavery and the role of banks. This develops our anti-financial crime culture and will educate and inspire colleagues on the role they can play and their capability to act in combatting this crime.

## **Whistleblowing**

We expect our people to act with the highest standards of business conduct at all times to protect our reputation and contribute to a culture that is free from corruption, risk of compromise or conflicts of interest. These principles are set out in our Ethical Code of Conduct and supported by our values and behaviours.

At Santander UK, we encourage a "speak up" culture. In our 2020 Global Engagement Pulse Survey, 83% of our people told us that they feel that they can report unethical behaviour or practices without fear of retaliation. Our people can raise concerns about any malpractice with us through internal and external reporting channels, including any issues relating to modern slavery or human trafficking. The whistleblowing policy is supported by annual training for all colleagues, and we have a zero-tolerance approach to victimisation of whistleblowers. Concerns can be raised on a named or anonymous basis. The whistleblowing policy covers all permanent and temporary employees, including those in any subsidiary or joint venture, as well as contractors and agency workers or similar, directors and non-executive directors. A

channel for our third-party suppliers to report concerns over wrongdoing or misconduct involving Santander UK employees or contractors is also available.

### **Effectiveness of our workforce policies and processes**

We consider that our policies and procedures are highly effective at ensuring that slavery and human trafficking are not taking place directly within our business. All our employees and contractors are required to go through a vetting process, which ensures they have a right to work in the UK. This is effective at ensuring that our employees and contractors have not been subjected to human trafficking.

## Our pension schemes

### **Actions taken in 2020:**

- **Completed modern slavery risk analysis of our pension fund managers and third-party suppliers.**
- **For the fund managers and third parties who did not produce or are not required to produce a Modern Slavery Statement, underlying asset and Environmental, Social and Governance (ESG) reviews were carried out.**

### **Targets for 2021:**

- **Further embed modern slavery risk analysis into our pension scheme specific policies.**
- **Repeat this analysis as part of our modern slavery due diligence.**

We have reviewed our pension arrangements to assess whether the relevant fund managers comply with the Act and have taken appropriate steps to help prevent slavery and human trafficking.

Our review covered 36 fund managers and found that 23 fund managers had produced modern slavery statements setting out credible steps to help prevent slavery and human trafficking. The remaining 13 fund managers were either not subject to the Act or had not produced a satisfactory Modern Slavery Statement.

Following this initial review, we have worked with the pension fund trustees to carry out an analysis of the 13 fund managers which did not pass our initial review. The analysis considered issues such as the jurisdiction of investment; and the industry sector invested in. Where available, there was also an analysis of their Environmental, Social and Corporate Governance Policy and our investment advisors review of the fund manager's ESG credentials, to provide a view of the steps taken by each fund manager to avoid supporting modern slavery or investing in companies which carry a significant modern slavery risk.

The result of this analysis was that, for 11 of the 13 fund managers, the Modern Slavery Risk was identified as being 'low' due to a combination of (i) investing in countries with a low incidence of modern slavery, such as the USA and EU countries; and (ii) investing in low-risk sectors such as technology, healthcare or financial services.

In respect of the two remaining fund managers, the analysis of their Environmental, Social and Corporate Governance Policy highlighted that both fund managers have extensive and robust policies in place meaning that they would not invest in companies with a high risk of Modern Slavery issues. Both fund managers commonly invest alongside governmental or transnational organisations, or alongside NGOs, and this requires extensive recognition of social issues such as Modern Slavery risk within the fund manager investment policies.

In the case of all 13 fund managers, they are considered to be in 'run-off' as there are no plans to renew their contracts beyond current arrangements.

Our process also includes third party suppliers, who we engage to provide services to our pension scheme. We reviewed 27 suppliers, of which 18 had provided statements pursuant to the Act. The remaining 9

suppliers were not required to produce statements as they did not meet the necessary criteria. Nevertheless, we reviewed the industry and jurisdictions of these suppliers to determine whether they were at medium or high risk of slavery. Given they were all providing professional services, we concluded the risk was low.

In addition, in 2020, the trustees of the Santander UK Group Pension Scheme received training on modern slavery and human trafficking risks.

#### **Effectiveness of our pension scheme review**

As a result of the above review, we believe that there is no significant Modern Slavery risk arising from fund managers or third parties in the Santander pension schemes at present. In 2021, we hope to work with the fund managers who did not produce a statement in 2020, to request they produce a statement for year ending 2021.

## Further Information

For further information on Santander UK please refer to our [annual report](#) and our [ESG Supplement](#).

This statement has been approved by the Board of Santander UK Group Holdings plc and Santander UK plc on 22 June 2021.



**Nathan Bostock**

Chief Executive Officer

Santander UK Group Holdings plc and Santander UK plc

### Companies covered by this statement:

Santander UK Group Holdings plc

Santander UK plc

Santander Consumer (UK) plc

PSA Finance UK Limited

Santander Asset Finance plc

Santander Private Banking UK Limited

Cater Allen Limited

Abbey Covered Bonds LLP

Santander Equity Investments Limited

Santander Financial Services plc