



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 2017.

Santander UK Group Holdings plc

Slavery and Human Trafficking Statement

1. Introduction

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 19,500 employees and operates through 806 branches (which includes 61 University branches) and 64 regional Corporate Business centres across the UK.

We are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way, treating all stakeholders with honesty and integrity and doing business with organisations that share this commitment.

Our values of Simple, Personal and Fair are at the heart of The Santander Way; the culture that underpins our goal to be the best bank in the UK.

This statement sets out our approach to preventing slavery and human trafficking in our workforce and supply chain.

2. Our business workforce

We are committed to supporting our colleagues in an inclusive environment which empowers people, encourages individuality and promotes collaboration.

We support our people to achieve a balance between their work and personal commitments through generous family leave policies which offer a range of flexible working arrangements. These arrangements include options for homeworking, compressed hours and variable start and finish times. We also offer a variety of contractual arrangements to further build on this flexibility, which enables employees to choose and spread their hours to suit their needs. Every employee has a contract of employment that sets out the terms and conditions of their employment. Part-time employees have the same Terms and Conditions and the same access to benefits as our full-time colleagues.

We work with two recognised trade unions, Advance and the Communication Workers Union (CWU) and regularly consult and engage representatives on significant initiatives within the business at both local and national levels. Both unions are affiliated to the Trades Union Congress.

Our approach is to reward people fairly and motivate our people with a competitive package of pay, benefits, employment conditions and policies. We offer a range of flexible benefits that can be tailored to people's individual needs and we have been an accredited Living Wage employer since 2015.

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. In addition, from time-to-time, we also engage specialist contractor resource on specific projects.

All of our employees and contractors are required to go through a vetting process, which includes ensuring they have a right to work in the UK.

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 Code of Ethical Conduct and supported by our values and behaviours. At Santander UK, we encourage a “speak up” culture. In our 2017 Global Engagement Survey, 87% of our people told us that their manager actively encourages a team environment where people can speak up, talk straight and challenge without fear. Our people can raise concerns about any malpractice with us through internal and external reporting channels set out in our whistleblowing policy, and this would include 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 whistle-blowers.

Given the nature of our business, and the policies and procedures described above, we are confident that the risk of modern slavery or human trafficking issues arising directly within our workforce is extremely minimal.

3. Risk assessment

The introduction of the Modern Slavery Act 2015 (the “Act”) prompted us to review how effectively we prevent slavery and human trafficking in our business and supply chain. We want to take all reasonable steps to make sure we are not supporting modern slavery.

Given the nature of our business and our workforce, the modern slavery risk within our own workforce is negligible. The principal area of modern slavery risk for Santander UK arises in relation to our relationships with third parties, particularly our supply chain.

In addition to reviewing our suppliers’ approach to modern slavery issues, we also determined that it was appropriate to review whether it was necessary to update our Know Your Customer (KYC) processes. Further details relating to the steps we have taken and plan to take in relation to these issues are set out in paragraph 6 of this statement.

4. Supply chain profile

We work with in excess of 1,600 external suppliers and intra-group companies to purchase the goods and services we need to run our business, with the main categories of purchasing spend related to technology, operations, and property.

We have assessed the modern slavery and risk presented by our suppliers. The risk model we use is based on the Global Slavery Index compiled by the Walk Free Foundation, which provides data on the estimated prevalence of modern slavery in each country globally. We consider that the majority of our suppliers represent a low risk of modern slavery. In excess of 99% of our suppliers are incorporated in countries identified as low risk in the aforementioned Global Slavery Index. Additionally, the types of goods and services procured are generally considered to be lower risk.

Based on this data, our assessment is that our supply chain presents a comparatively low risk of exposing Santander UK to practices complicit with modern slavery.

5. Policies and processes for preventing modern slavery in our supply chain

We have a series of policies, guidelines, processes and committees to manage our supply chain and risks. Each of these key elements is described below.

Policies

Our procurement is governed by the Cost Management & Procurement Policy, and by the Manual of Conduct in Supplier Relationships. Additionally, our Third Party Risk Management Policy includes processes to identify, assess, manage, and report potential risks in our supply chain. Our linked 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 bank’s workforce or in our supply chain.

Standards are also communicated to staff involved in managing suppliers to ensure compliance with the policies. This includes:

- The requirement for an assigned Service Director and Service Manager (i.e. contract managers) for each supplier, with responsibility to minimise risk. This includes risks relating to modern slavery; and
- That regular meetings and agendas are organised with suppliers, and that appropriate requirements on suppliers are put in place, in a way that ensures relationships are managed in compliance with Santander UK standards and policies.

As a Living Wage Foundation accredited company, we also require employees of suppliers working in our buildings to be paid the Living Wage.

Processes

During 2017, we introduced a new certification process for suppliers. For the purposes of supplier due diligence, our suppliers must complete a Financial Services Qualification System (FSQS) assessment, an online tool that enables them to submit assurance and compliance data to us. This is completed on a self-assessment basis at the start of a contractual relationships and annually thereafter, to ensure they meet our minimum standards. This process includes specific questions related to modern slavery. These risks are also subject to review as part of the on-boarding / annual review process.

We also undertake supplier assurance visits (prioritised based on our assessment of the inherent risk of service) to assess key risks and controls and confirm they are meeting our requirements. This supplements the FSQS process noted above.

Furthermore, our standard contract terms include provisions relating to Human Rights and Labour Rules which are subject to periodic review.

Committees

Our Local Supplier Management Committee and Third Party Risk Forum review supplier risks and provide a mechanism to escalate key issues identified to senior risk fora within our corporate governance framework.

6. Steps taken by Santander UK to prevent slavery and human trafficking taking place in our business and supply chain

As well as implementing our existing policies and procedures in relation to our workforce and supply chain, we are taking a number of new steps to ensure that slavery and human trafficking are not taking place in our business or supply chain.

Supply chain process

Our target is that all our suppliers will have provided us with specific information relating to modern slavery via the annual FSQS process or equivalent. We are currently updating the Cost Management and Procurement Policy to reflect the changes to the annual review process and to ensure that the annual re-engagement with suppliers is conditional on an assessment of any modern slavery risk identified in relation to each supplier. We also periodically assess and review the question-set included in the FSQS assessment and our site assurance visits to ensure that these remain appropriate.

Customer KYC

In 2017 activities were progressed by the Financial Crime Team to enhance our capabilities to identify and address human trafficking, immigration crime and modern slavery. We updated our Anti Money Laundering (AML) Standards to reflect the requirements of the Immigration Act and produced guidance for relevant business areas.

Utilising our involvement in public-private partnerships such as the Joint Money Laundering Intelligence Task Force, we developed typologies that support us to detect possible human trafficking or other associated crimes. We have achieved good operational results in terms of identifying suspicions and supplying intelligence to law enforcement.

In 2018, we are exploring how we can enhance our KYC processes for corporate and business customers so that modern slavery risk is appropriately considered at the customer on-boarding stage. Explicit reference will be made in our updated Anti Money Laundering Standards to modern slavery, and we will provide additional training to relevant staff.

7. Effectiveness of our Slavery and Human Trafficking policies and procedures

We have assessed our effectiveness in ensuring that slavery and human trafficking is not taking place in our business and supply chain by considering our overall effectiveness in three separate areas.

Our business and workforce

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. We review a number of performance indicators in assessing this effectiveness, relating to pay, benefits, employee satisfaction, and the measures taken during employee onboarding. All our employees are paid at least the Living Wage (as set by the Living Wage Foundation) and all colleagues directly employed by Santander UK, including those on fixed-term contracts, receive the same range of benefits.

All of 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.

Supply chain

We aim to ensure that we only do business with suppliers who measure up to our high ethical standards. Accordingly, although we continue to believe that our supply chain presents a low risk of modern slavery issues, we have taken a number of steps to ensure that this aim is formally reflected in our procurement policies and supplier contracts. We will continue this process during 2018.

We will be in a better position to comment on the effectiveness of our new policies and procedures when we have received responses to our modern slavery enquiries from all suppliers, once the ongoing round of supplier renewals has been completed.

8. Training

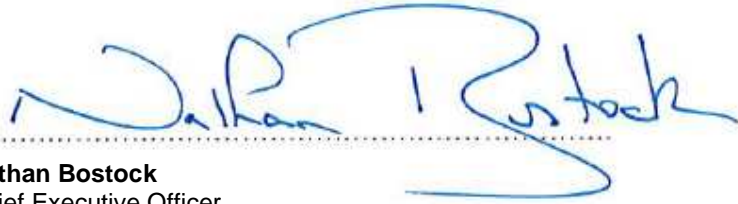
All new joiners to Santander, including contractors based at our sites, undergo a corporate induction and mandatory training programme. This introduces new staff to the standards and values we operate under and the conduct we expect from our employees. Additionally all staff have access to full policy documents that provide them with information in relation to modern slavery and human trafficking.

In addition to this, the contract managers for each supplier are required to complete training on managing third party suppliers. This training provides information on how to identify and mitigate supply chain risk, along with guidance on how to manage supplier relationships and how to identify and report issues, including in relation to concerns related to modern slavery and human trafficking.

9. Further information

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

This statement has been approved by the Board of Santander UK Group Holdings plc and Santander UK plc



Nathan Bostock
Chief Executive Officer
Santander UK Group Holdings plc and Santander UK plc

19 April 2018