

Slavery and Human Trafficking Statement 2022/2023

Introduction

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 and sets out the steps the Company has taken and will consider during the financial year 2022/2023 to prevent modern slavery in its business operations and supply chains.

As part of the Financial Services Industry the organisation recognises that it has a responsibility to take a robust approach to slavery and human trafficking.

The organisation is absolutely committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking, contributing to combatting such global practices.

Although the Company considers its operations to be low risk overall, steps have been taken to review the risk of modern slavery occurring, and will continue to take steps, as outlined below, to ensure all its employees and suppliers are aware of their responsibilities under the Act, and to be alert to the risks of modern slavery.

Organisational structure and supply chains

This statement covers the activities of the Company which includes managing portfolios of, residential and lifetime mortgages secured on properties in the UK and unsecured loans. Activities also include master servicing on the Company's own books. The Company is currently closed to new lending and does not operate outside the UK. As such, the risk of human trafficking within our business is assessed as being low.

There is a robust recruitment process in place which ensures new employees are recruited through reputable agencies with whom terms and conditions are agreed in advance. Pre-employment checks are carried out in line with FCA requirements.

In addition, the Company has mapped and documented its suppliers and has issued statements and guidelines with regard to its policies, processes and expectations. All suppliers, with a turnover of £36m+ are required to provide their own Modern Slavery Statement. The requirement to declare their commitment to eradicating modern slavery within their own businesses and supply chains is explicit in the Company's Vendor Management Framework.

The Company will continue to document and monitor new suppliers and to ensure suppliers are aware of their obligations. Any risks will be investigated, and appropriate remedial actions taken.

The Company undertakes Operational staff training in relation to recognising potential indicators of modern slavery in its vulnerable customer population, to train on internal

reporting processes and to ensure staff are aware of various sources of assistance available.

High-risk activities

The Company has carried out an assessment of organisational activities in 2022/2023 and none are assessed as high risk due to the size and maturity of the mortgage portfolio. The Company has, however, recognised the opportunity to further develop customer facing employees' awareness of the indicators of modern slavery and its processes for dealing with potential concerns.

Responsibility

Responsibility for the organisation's anti-slavery initiatives is as follows:

- **Policies:** HR has developed a Modern Slavery Policy. Ultimate responsibility for this policy lies with the Executive Committee. Responsibility for reviewing this policy lies with HR and responsibility for monitoring with the Heads of Risk and Compliance. The requirement to be cognisant of modern slavery and committed to eradicating modern slavery in our supplier's businesses forms an explicit part of our Vendor Management Framework.
- **Risk assessments:** The Executive Team has collectively discussed and assessed the risk of modern slavery occurring within the business and its supply chains and although it is recognised the risk of modern slavery occurring is not impossible via, for example, money laundering activities or through ancillary services, it is not thought that there are high risk activities taking place with the governance in place within the business. This will be reviewed annually. The requirement for new suppliers with a turnover of £36m+ to be compliant with the Modern Slavery Act is included in the Company's Vendor Management Framework and they are asked to provide confirmation of their compliance with its requirements and standards.
- **Investigations/due diligence:** Compliance or HR have responsibility for investigating potential instances of modern slavery. Due diligence processes are the responsibility of the Executive Committee, and all employees have a responsibility for being alert to the possibility of modern slavery and for reporting concerns or instances appropriately. Clear processes are in place for dealing with identified instances of modern slavery and for raising concerns in relation to the possibility of modern slavery.
- **Training:** New employees undergo induction, and all employees undergo annual training on relevant topics including Modern Slavery, Financial Crime, and anti-money laundering, together with training on Company internal processes. Both the Modern Slavery Policy and the Whistleblowing Policy are included in the induction and refreshed as necessary. Information includes how to escalate potential slavery or human trafficking issues to the relevant parties within the business and the availability of external advice and help, for example, through the Modern Slavery Helpline, Gang masters and Labour Abuse Authority and the "Stronger together" initiative.

Relevant policies

The Company operates the following policies that describe its approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in its operations:

- **Whistleblowing Policy:** The Company encourages all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the business. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. The Company's Whistleblowing Procedure is designed to make it easy for workers to make disclosures, without fear of retaliation or retribution. Employees, customers, or others who have concerns can make a protected disclosure via the Chair of the Board by various means either in person or in writing.
- **Employee Handbook:** The Company's handbook makes clear to employees the actions and behaviour expected of them when representing the organisation. The Company strives to maintain the highest standards of employee conduct and ethical behaviour when managing its supply chain.
- **Supplier Code of Conduct:** The Company is committed to ensuring that its suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate on request that they provide safe working conditions, treat workers with dignity and respect and act ethically and within the law in their use of labour. Serious violations will lead to the termination of the business relationship. External suppliers with a turnover of £36m+ are asked to sign a declaration that they understand and are fully compliant with the company policy and procedure on Modern Slavery, or to provide a copy of their own policies and processes.
- **Recruitment Policy:** The Company uses only specified, reputable employment agencies to source labour and verifies the practices of any new agency it is using before accepting workers from that agency. The HR Director has assessed the risk in relation to our recruitment policies and practices and has assessed the risk to be low.

Due diligence

The Company undertakes due diligence when considering taking on new suppliers, and regularly reviews its existing suppliers. The organisation's due diligence and reviews include:

- considering the supply chain broadly to assess particular risks of modern slavery and human trafficking.
- evaluating the modern slavery and human trafficking risks of each new supplier;
- reviewing on a regular basis all aspects of the supply chain based on the supply chain knowledge;
- committing to conducting supplier audits or assessments where general risks are identified;
- being prepared to invoke sanctions against suppliers that fail to improve their performance in line with an action plan or who seriously violate our supplier code of conduct, including the termination of the business relationship;

- training staff to be aware of the possibility of modern slavery and creating a culture where the highest standards of ethical behaviour are expected and rewarded and where it is easy to report concerns in relation to modern slavery, money laundering and associated risk indicators.

Board approval

This statement has been approved by the organisation's Board of Directors, and it will be reviewed and updated annually on behalf of the Board.

Director's signature:

A handwritten signature in black ink, appearing to read 'M. Smith', written in a cursive style.

Director's name: Melvin Smith (MD)

Date: March 2022