

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 2021.

Santander UK Group Holdings plc

Modern Slavery Statement 2021

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 18,000 employees and operates through 450 branches as well as regional Corporate Business centres across the UK.

This is Santander UK's sixth 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 MSHT 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 MSHT should continually improve and we welcome stakeholder feedback to help strengthen and develop our strategy in this area.

The [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 in July 2020 at a Santander UK level, 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 MSHT represents 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 2021:

- 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.
- We collaborated with Stop the Traffik (Modern Slavery consultants) on a comprehensive supplier risk mapping exercise, which identified those suppliers presenting the highest risk of modern slavery, and on the development of a specific modern slavery self-assessment questionnaire.
- We expanded on this assessment by utilising data from an external provider - EcoVadis, a leading Procurement ESG company – as part of an initial trial to leverage market analysis and more qualitative data that we will continue to build on into 2022
- Our supplier assessment (across FSQS and the EcoVadis database) was completed by 82% of in-scope suppliers that were used by Santander in 2021, up from 80% in 2020, and 77% in 2019.
- We continued to work with a leading consultancy to adapt and embed our enhanced remote assessment process due to the on-going impacts of Covid-19 for on-site delivery. The control questionnaire was enhanced in line with best practice, including elements regarding modern slavery risk.

Targets for 2022:

- Refresh our Responsible Procurement Strategy to deliver the Santander ESG vision of playing a major role in the transition to a low carbon economy, supporting inclusive and sustainable growth and taking into account social and environmental risks and opportunities. This will encompass our approach to Modern Slavery within a holistic ESG strategy to our supply chain.
- Implement a Supplier Collaboration Tool; with the implementation of this technology, we will create a transparent and consistent technology ecosystem across the organisation covering the end-to-end supplier lifecycle, this allows us to directly source key information from our suppliers and develop joint action plans for improvement.
- In addition to this we have been investigating alternate market data sources and will commence a pilot with the leading information bureau with regards this, to drive further actionable data point information on our supply chain. We will be prioritising the high risk segments of our supply chain (based upon the walk free global slavery index information) to be reviewed by this process to deepen our understanding of any risks in this area. This data will be available through our collaboration portal to allow balanced measurement of supplier performance and allow the co-creation of improvement plans where deemed applicable.
- Continue to invite suppliers not currently completing FSQS to do so, or request alternative assurance, leveraging our external provider partner to accelerate this process.
- Continue to work with a leading Modern Slavery consultancy to repeat and embed 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.

Our supply chain

Overview and Risk Profile

We have over 1,400 active suppliers covered by our procurement processes, with the main categories of purchasing spend related to technology, professional services, operations, and property.

As in previous years, we re-assessed the modern slavery risk presented by our supplier profile for 2021 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 2022, we will be prioritising these suppliers for enrolment into an external assessment and market data provider (EcoVadis) sustainability scorecard process to deepen our understanding of any risk they may pose.

We have a series of policies, guidelines, processes, and committees to manage our supply chain and risks. These continue to reflect our risk appetite statement regarding MSHT, 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 and supporting Standards were updated in 2021. This sets out processes to identify, assess, manage, and report potential risks in our supply chain: for example, an assigned Service Director and Service Manager are required for each third-party service, and they have responsibility to minimise risk, including risks relating to modern slavery.

Our Third-Party Code of Conduct, which is issued to all suppliers, 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 2021, we had 911 active in-scope suppliers, and 748 (82%) of these had completed the assessment or were deemed to be exempt. This is compared to 80% in 2020. This represents a 2% increase in coverage year on year over the period 2019-2021. While this represents an improvement, it does not meet our ambition and has prompted us to consider and bolster our approach going forwards. Moving into 2022, our target is not only to regain greater coverage of suppliers completing the FSQS assessment but also to gain a deeper understanding of our suppliers' supply chains. To achieve this, we are implementing a Supplier Collaboration Tool and partnering with an external provider (EcoVadis) who will support us to proactively work with suppliers to ensure they are completing the necessary screen/scorecard and supply chain assessments, and identifying potential improvements where applicable, managing action plans via the collaboration tool.

Third-Party Supplier Control Assessments:

In 2021, we continued to work with a leading consultancy to further adapt and embed our enhanced approach to third party supplier control assessments ("TPSC assessments"), ensuring compliance with human rights standards and support of our Real Living Wage commitment. In light of the on-going challenges and impacts that Covid-19 had on our suppliers and travel restrictions, we continued to deliver this via an enhanced remote assessment questionnaire which enabled us to assess key elements of the suppliers control environment, validate self-attested FSQS responses, and confirm that our suppliers are meeting our key requirements.

Suppliers selected for a TPSC 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 2021 we assessed 28 suppliers, with 28 reports delivered. Due to continuing Covid-19 impacts, a further 20 TPSC assessments commenced in H2 2021, with report delivery due in the first half of 2022.

Additionally, in 2021 we have collaborated with Stop the Traffik (Modern Slavery consultants) in completing a comprehensive supplier risk mapping exercise which identified those suppliers presenting the highest risk of modern slavery and developed a specific modern slavery self-assessment questionnaire. This tailored approach helps us to better understand the human rights risk profile of our suppliers based on their geography and sector, which enables us to target and prioritise mitigation activities.

As a result of this exercise, 34 suppliers were classified as having an inherent risk that had a high or moderately high-risk score based on their country and/or sector of operation. Subsequently, an assessment of these 34 high-risk suppliers' ability to manage their human rights risk took place based on their answers to the FSQS questionnaire and additional the specific modern slavery self-assessment questionnaire, followed by a manual review/investigation where suppliers gave inappropriate responses. Of these 34 suppliers, 4 were required to update their responses or provided additional evidence following a manual review. We are still awaiting a response from one supplier.

For 2022, we intend to continue to work with a leading consultancy to improve and enhance our assessment on higher risk suppliers for Modern Slavery during 2022.

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

Our supplier due diligence policies and procedures mitigate the risk that MSHT 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 processes surrounding the Modern Slavery questions within our FSQS assessments. We have been unable to deliver our ambition for percentage uptake of FSQS in 2021 and have identified the access to and assessment of supplier compliance data as an improvement area in 2022.

To improve this, we will implement a Supplier Collaboration Tool, and introduce "Supplier Collaboration Partners": members of our Procurement team dedicated to managing our most strategic supplier relationships from a performance, risk, cost and innovation perspective. Introducing this new technology and dedicated team members will enable us to work more closely with our supply chain, which in turn will lead to greater access to data and stronger visibility of performance management, including uptake of FSQS assessments.

Further to this we will expand our data sources available to assess Modern Slavery by utilising 3rd-party market data sources (EcoVadis). In 2022, we plan to enrol a number of our suppliers in their independent assessment process, prioritising suppliers which are (i) of strategic importance to our business; and (ii) operating in sectors or geographies which makes them more likely to be vulnerable to modern slavery risks. We will use this data to identify any risk areas in our supply chain, then develop a strategy and plan to proactively approach these risk areas and suppliers.

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.

Our customers

Actions taken in 2021:

- **Successful roll out of Stop the Traffik Training Series with over 90% completion in customer facing roles**
- **Continuing to collaborate with Stop the Traffik and promote the partnership with them via social media channels**
- **Participated in Anti-Slavery Day comms on 18th October 2021; working alongside Stop the Traffik**
- **Continued to collaborate in intelligence-based conversations to successfully disrupt criminals profiting from this illegal industry.**
- **Communicated a series of intelligence based 'alert' products across the bank to key stakeholders to continue to raise awareness around this topic**

Targets for 2022:

- **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 which generates around \$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 MSHT.

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 intelligence sharing mechanisms such as the Joint Money Laundering Intelligence Task Force (JMLIT) and Public Private Partnership (PPP). Operational engagement through the JMLIT/ PPP and their expert working groups, including the Human Trafficking, Modern Slavery and Organised Immigration Crime Group, has supported intelligence-led investigation and analyses.

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 MSHT. Following collaboration with the National Crime Agency in 2020 to create an alert on the sexual exploitation of adults in the UK, certain entity types are no longer permitted by SAN UK policy, and our approach for personal customers is risk based and intelligence led.

In 2022, 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. We also plan to engage with the JMLIT/PPP expert working group as it moves into an operational working model,

acting on live events. In addition, in 2022, we have commenced a project focused on identifying sexual exploitation within the sexual services industry via the use of Adult Services Websites.

Effectiveness of our financial crime approach

We believe that our cooperation with other stakeholders, including financial institutions, law enforcement and specialist NGOs, is an important and effective tool in the ongoing fight against MSHT. As a result of reports made by Santander over the past 3 years, we understand that the activities of criminals seeking to profit from MSHT 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 MSHT.

Our workforce

Actions taken in 2021:

- Rolled out a targeted training with Stop the Traffik to raise awareness for colleagues to detect and disrupt MSHT, with a current completion rate of over 90% for customer facing roles.
- Leveraged 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.

Targets for 2022:

- Develop an Anti-Financial Crime Risk Indicators mandatory training module for customer facing employees which will include content on MSHT.
- Develop further the cultural change and education programme on Anti-Financial Crime working in partnership with the Line 1 Economic Crime, Line 1 Business and Line 2 Financial Crime Teams.
- Ensure that our employment controls, processes, and policies prevent modern slavery including continuing to pay our employees a real living wage and regularly review payroll data to check for duplicates or wages being paid into others' accounts
- Engage with workforce third party suppliers to ensure that no less favourable terms and conditions than our permanent workforce alongside working in compliance with the UK's Agency Worker Regulations.

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 MSHT, 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.

The HR Team reviewed the Stop the Traffik best practice examples and implemented best practise examples of reporting on the percentage of the workforce that are covered by a collective agreement and increased references to employee engagement survey in our annual report. We also confirmed that we conduct routine reviews of payroll data to check for duplicates or wages being paid into others' accounts. We undertook a review on if we should be a signatory to 'The Employer Pay Principle' (developed by the

Institute for Human Rights). On the assessment to the risks of workers being charged recruitment related fees this not applicable due to our established recruitment approach with no risk of labour exploitation.

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 2021. 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 our relationship (first developed in 2019) with Stop the Traffik, centred on developing our employee awareness through targeted trainings and building internal expertise. . In 2021 we launched the Human Trafficking & Modern Slavery training, with over 90% of customer-facing colleagues completing it. 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. We released 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 a discussion about modern slavery and the role of banks. This develops our anti-financial crime culture and educates and inspires 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 2021 Global Engagement Survey, 84% 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 2021:

- Completed modern slavery risk analysis of our pension fund managers and third-party suppliers.
- Incorporated modern slavery disclosure requirements into our pension scheme specific policies

Targets for 2022:

- Repeat this analysis as part of our modern slavery due diligence.
- Continue to engage with our fund managers and third-party suppliers to highlight the issue

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 34 fund managers and found that 21 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 26 suppliers, of which 16 had provided statements pursuant to the Act. The remaining 10 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.

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 2022, we will continue to engage with the fund managers and suppliers who did not produce a statement in 2021, to highlight the importance of this issue.

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 22nd June 2022.



Mike Regnier

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
Santander Asset Finance plc
Cater Allen Limited

Abbey Covered Bonds LLP
Santander Equity Investments Limited
Santander Financial Services plc
2&3 Triton Limited
Fosse Funding (No 1) Limited