

## SAINSBURY'S BANK PLC

### MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2016-2017

Modern slavery and human trafficking are abhorrent practices that still occur in many industries and across international and national borders. We welcome the UK Government's introduction of the Modern Slavery Act 2015 and the requirement on businesses to report on activities taken to combat slavery.

We are committed to improving our practices to combat slavery and human trafficking.

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015. It sets out the steps taken by Sainsbury's Bank plc during year ending 28<sup>th</sup> February 2017 to prevent modern slavery and human trafficking in our business operations and supply chains.

#### **ABOUT SAINSBURY'S BANK**

Sainsbury's was the first major supermarket to open a bank in the UK in February 1997. Our range of financial products includes credit cards, savings and loans, as well as travel money, mortgages, car, home, pet, travel and life insurance. We aim to offer Sainsbury's shoppers great deals, and rewards. Our colleagues, culture and values are integral to achieving this vision and driving our success – now and in the future.

Sainsbury's Bank is a retail bank which is wholly owned by J Sainsbury's plc. Sainsbury's Bank's registered office is in London, with a head office in Edinburgh, Scotland. The Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. We have around 1,600 employees and operate in the United Kingdom. The Bank's total income for 2016/2017 was £285m.

In September 2016 we acquired three subsidiary undertakings, collectively representing the Argos Financial Services (AFS) business, from Home Retail Group (UK) Limited, a fellow subsidiary within the J Sainsbury plc Group, as part of the wider acquisition of Home Retail Group by J Sainsbury plc. The business models of the Bank and AFS remained independent and separate during the year.

AFS and J Sainsbury's plc will be publishing their own Modern Slavery and Human Trafficking Statements.

## **OUR SUPPLY CHAIN**

Our supply chain ranges in size from suppliers that are large Banks and IT services corporations to SME businesses that provide various marketing and operations services.

Our supply chain is primarily comprised of IT systems, outsourced banking and marketing service providers. The majority of suppliers are located within the UK or operate through UK based business units.

## **OUR PROCESSES, POLICIES AND CONTROLS ON SLAVERY AND HUMAN TRAFFICKING**

Our policies and processes reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective frameworks and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

As part of our initiative to identify and mitigate risk we have in place processes and frameworks to:

- identify and assess potential modern slavery or human trafficking risk areas for any new suppliers; and
- mitigate the risk of slavery and human trafficking occurring in our current supply chain.

In 2016 the Bank revised its supplier due diligence and supplier assurance processes to ensure that any potential or incumbent supplier will be requested to inform the Bank how it is combatting modern slavery and human trafficking. They may also be requested to provide evidence to support any attestations as well as being subject to on-site reviews at the supplier's premises.

We have a zero tolerance approach to modern slavery and human trafficking. In order to ensure that all those in our supply chain operate in accordance with our values we have a rigorous supply chain management programme consisting of:

- competitive and ethical sourcing;
- robust due diligence;
- accountable decision making;
- continuous supply chain assurance; and
- capability training for those responsible for the sourcing, assurance and management of suppliers.

Our contracts with suppliers require adherence to all applicable laws and this year we also amended our standard contractual terms to include a clause on compliance with the Modern

Slavery Act 2015. Appropriate action would be taken should any supplier be found to be in breach of this clause.

## **POLICIES**

Our existing policies and procedures encourage colleagues to raise any concerns relating to the management of our suppliers or impacts to our supply chain at the earliest opportunity. We have safeguards in place to protect whistle-blowers throughout our organisation whether the concern is internal or external through our Whistleblowing Policy. We are committed to continuous improvement of our policies and processes to enable a deeper understanding of our supply chain and the mitigation of risks relating to modern slavery and human trafficking.

## **RECRUITMENT**

All colleagues employed by Sainsbury's Bank undergo Right To Work checks in accordance with HMRC guidelines, Immigration Act 2016 and our Right To Work Policy. Employment checks are also completed for all colleagues in line with our Recruitment Policy and colleague contractual terms and conditions.

## **TRAINING OUR COLLEAGUES**

In order for us to address modern slavery and human trafficking, awareness must be raised across our business and supply chain, so that responsibility for identification of issues is shared, rather than the responsibility of a smaller group of experts, or reliant on external stakeholders.

In this reporting year we implemented an e-learning course for colleagues involved in Supplier Management or internal resourcing. The training includes guidance on modern slavery and trafficking, how to detect it, and how to report it.

## **RISK ASSESMENT AND FUTURE APPROACH**

In 2017 we will undertake a review of our supply chain according to the nature of the products, goods and services provided, the source of those products, goods and services and the material sub-contractors who support the delivery of those products, goods and services.

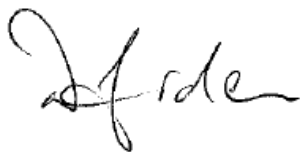
To enable us to execute this approach, we have approached PwC and Ergon, who together have the data analytics capability and human rights expertise, to create a next-generation diagnostic risk assessment tool for us which can be applied across numerous different areas

of our business. We are able to analyse complex sets of internal and externally-sourced data, against an updated range of risk indicators to provide an aggregated risk rating for specific products and sectors within our business and supply chains. Not only will this tool help us direct our activities to the areas of greatest risk, it offers us unprecedented visibility to the multiple tiers in our supply chains, which is essential if we are to reach the most vulnerable workers. The tool can be applied across the entire range of Sainsbury's Group businesses, with their very different structures and sectors.

We expect that our understanding of exploitation, modern slavery and human trafficking will increase with the use of this new tool and through conducting our review in 2017. We are confident that it will help us to implement the most effective strategy and set of prevention and remediation activities, that are appropriate for our business.

---

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 28<sup>th</sup> February 2017.



David Arden  
Chief Financial Officer  
For and behalf of Sainsbury's Bank plc  
Date: 31<sup>st</sup> May 2017