Modern Slavery Statement 2017

Our business

At CYBG, we believe that the only way to operate our business is with integrity. All of our colleagues understand the importance of maintaining the high standards that we have set ourselves and how vital it is to act ethically at all times.

We are committed to being an inclusive employer - we have a positive, supportive culture where our colleagues can thrive, while ensuring our HR policies are robust and effective in addressing the issues and challenges we face in business. This includes minimising the risk of slavery and human trafficking.

We have a sustainable approach to Corporate Responsibility and we aim to make a positive impact in the lives of our customers, people, communities and on the environment we operate in. This responsibility is not something we take lightly and we will continue to work hard to ensure we have a business fit for the modern world.

CYBG PLC is an independent banking group. Our business is conducted through our Clydesdale Bank and Yorkshire Bank brands. Within our group is Clydesdale Bank PLC which in turn has a number of subsidiaries. This statement also applies to Clydesdale Bank PLC, Yorkshire Bank Home Loans Limited and Clydesdale Covered Bonds No 2 LLP. Bank employees are employed by and procurement of services is made mainly via, Clydesdale Bank PLC.

Our policies on slavery and human trafficking

Our aim is to implement and enforce effective systems and controls to minimise the risk of slavery and human trafficking taking place. We already have robust policies on Corporate Responsibility which can be accessed here.

Our people

We are committed to ensuring that we remain compliant with legislation and good industrial practices with respect to the engagement and onboarding of employees.

Screening

We employ rigorous approaches to ensuring that those engaged to work for us meet the highest standards of fitness and propriety, are fully referenced and have the right to live and work in the United Kingdom. This contributes to the prevention of illegal working and modern slavery.

We have a third party provider who undertakes stringent pre-employment screening on our behalf and our recruitment policy sets out the standards expected of those being engaged to work
for us. Those employed directly by us must demonstrate the right to live and work in the UK before undertaking employment. All employment offers are subject to this condition.

Recruiting managers are required to see and copy the relevant documents evidencing the right to work in the UK and attest to the fact that they have done so.

In addition to checking that candidates have the right to work in the UK, checks also involve criminal record vetting, credit checks, fraud prevention database searches and checks with the DVLA.

In respect of staff not employed by us (for example agency workers), we require that those who have access to our systems, buildings or data undergo vetting to at least the same standard as our own staff, so far as reasonably practicable.

In 2016, we have undertaken a review of our contracts with our agency partners and are satisfied that the standards of checks are appropriate.

In respect of companies with whom we have a business to business relationship, our Procurement team where necessary, ensure that obligations are placed on suppliers to appropriately vet their employees and others engaged by them. We have also introduced a Probit Assessment Tool designed to support assessment of the level of checking required. We ensure that third party providers undertake similar checks as a matter of diligence and risk management.

**Minimum Wage**

We undertake regular pay audits to ensure that we always pay at or above the minimum wage and negotiate pay arrangements each year with our recognised Trade Union, Unite. In 2016, we reviewed salaries and increased our minimum salary to the sum promoted by the Living Wage Foundation.

**Our suppliers**

Our suppliers include those third parties who provide services to banks and other financial institutions ranging from those such as information technology and consultancy service providers to those who provide security and cleaning services.

We have in place systems which aim to:

- identify and assess potential risk areas with our suppliers; and
- mitigate the risk of slavery and human trafficking occurring in our supply chains.

The banking industry itself is not within a high risk sector for modern slavery. However, we carry out checks which we consider appropriate and proportionate to the risks associated with our suppliers. We have identified certain higher risk sectors including corporate clothing,
catering, security guarding and cleaning services. With corporate clothing, we have taken steps to mitigate risks, such as ensuring that our supplier confirms they operate to particular standards. Where clothing is not manufactured in the UK, our supplier uses manufacturers that comply with relevant trading standards, such as WRAP (Worldwide Responsible Accredited Production Standards) and ETI (Ethical Trading Initiative). Our security, catering and cleaning service providers ensure probity checking of their staff is undertaken, including the legal right of staff to work in the UK and they are required to comply with all applicable laws, which include those relating to the national minimum wage.

Certain information technology and processing services are provided by service providers based in some offshore jurisdictions that could be considered higher risk areas for modern slavery. In accordance with our Supplier Governance Framework, we undertake visits to these suppliers and are able to establish and satisfy ourselves on the suitability of their operations.

Within our standard contract terms we have with many suppliers, we place an obligation on our suppliers to comply with all applicable local and national laws (which includes the Modern Slavery Act) and to ensure that they are responsible for themselves and others who they sub-contract services to. We have also recently taken steps to update our standard services contracts which now place specific contractual obligations on suppliers to comply with the Modern Slavery Act. Our Supplier Sustainability Principles include provisions requiring suppliers to comply with all environmental and social laws and regulations and comply with the UN Convention of the Rights of the Child.

Our standard terms also include a right to audit suppliers in order to review their compliance and ability to comply with their contractual obligations.

**Our customers**

We also have due diligence processes in place to mitigate risks in our relationships with both new and existing customers who open bank accounts with us. These processes include Anti-Money Laundering Know Your Customer (KYC) checks made on account opening and periodically throughout the customer relationship.

**Further steps**

Our Whistle Blowing policy will be expanded to support any reports of concerns relating to Modern Slavery.

As part of our tender process, we will now ask new suppliers to confirm that they comply with the Modern Slavery Act within their organisation. Additionally we will be implementing a new Supplier Code of Conduct which all of our suppliers must comply with and which will contain an obligation on suppliers to comply with the Modern Slavery Act.

To ensure an appropriate level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business and how to identify and report on these, we will
review how we educate and train our staff, particularly those involved with sourcing/managing our suppliers.

We will continue to develop and mature our approach to modern slavery, in our relationship with suppliers and customers.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our group’s slavery and human trafficking statement for the financial year ending 30 September 2016.

Debbie Crosbie
Executive Director

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ACCESS on 29.01.2020