Modern Slavery Act
2015

Close Brothers Group anti-slavery and human trafficking statement for the financial year ended 31 July 2019

Group overview

Close Brothers Group plc and its subsidiaries (“Close Brothers” or “the group”) is a leading merchant banking group providing lending, deposit taking, wealth management services and securities trading.

Close Brothers was established in 1878 and today employs over 3,000 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.

The group is comprised of three divisions – Banking, Asset Management and Securities, the Banking division being the largest and contributing over 90% of the group’s profits.

Close Brothers’ Banking division, comprising Close Brothers Limited and its subsidiaries, provides specialist lending to small and medium-sized businesses and individuals across a diverse range of asset classes, and also offers deposit taking services.

Close Brothers Asset Management provides a range of financial advice and investment management services to private clients and professional advisers in the UK.

The group’s Securities division comprises Winterflood, a leading UK market-maker offering execution services to retail stockbrokers and institutional clients.

The group is a financial services provider, with a limited supply chain which predominantly focusses on procuring professional and technology services, with most of its suppliers based in the UK and the EU.
Policy and principles

Close Brothers is committed to complying with its obligations under the Modern Slavery Act and other relevant legislation relating to the detection and prevention of modern slavery and human trafficking. Close Brothers is committed to implementing and enforcing effective systems and controls that seek to ensure that modern slavery is not taking place anywhere in its business or its supply chains.

Consistent with its obligations under the Modern Slavery Act, the group is committed to ensuring there is transparency in its own business and in its approach to tackling modern slavery through its supply chains. Close Brothers expects and requests the same standards from its contractor suppliers and other business partners.

Close Brothers has a Group Modern Slavery Policy as well as a Group Third Party Management Policy to ensure the identification, assessment, mitigation and monitoring of risk within its supply chain. This includes a third-party risk appetite statement which formalises the position that Close Brothers has no appetite for third parties taking risks on its behalf that would be unacceptable taken internally. The Group Third Party Management Policy is further underpinned by standards and procedures which prescribe the risk assessment and due diligence requirements to consistently and effectively identify and mitigate against risks in the supply chain, including consideration of those related to modern slavery.

Sourcing, contractual standards and due diligence

Close Brothers adopts a risk-based approach for selecting and managing its supply chain to ensure that risk is appropriately identified, assessed and mitigated. The group considers a broad range of risks, including those specifically relating to modern slavery. The Chartered Institute of Procurement and Supply (“CIPS”) Corporate Code of Ethics has been incorporated into our Third Party Management framework.

Close Brothers has template contractual provisions which require suppliers to comply with laws and regulations, including the Modern Slavery Act. These are used wherever possible for new and renewed supplier relationships and include requirements for standards to be passed down the supply chain where appropriate.

Actions taken in financial year ended 31 July 2019

During the financial year ending 31 July 2019, Close Brothers took the following steps with the intention of further ensuring that slavery and human trafficking does not take place in its business or supply chains:

1. **Group Modern Slavery Policy**
   There is continued adherence to the Group Modern Slavery Policy. The policy applies to all group companies, divisions and subsidiary businesses, and their respective permanent and fixed-term employees, temporary staff and contractors.

2. **Third Party Management Framework**
   The Group Third Party Management Policy, and supporting standards and procedures, were reviewed (as part of the annual cycle) to ensure that the framework continues to be in line wi
best practice and applicable regulatory requirements, including those in relation to modern slavery and human trafficking.

3. **Sourcing Practices and Due Diligence**
   Close Brothers has continued to consider the requirements of the Modern Slavery Act when sourcing new goods and services from the third-party supply market. The enhanced risk assessment and due diligence requirements on modern slavery developed in the 2018 financial year have been embedded and now form part of the relevant onboarding processes.

   Members of the group’s Third Party Management function (including the Third Party Monitor function referred to further below) continue to be trained to the CIPS Ethical Procurement and Supply standard. Close Brothers Banking division also maintains its Corporate Certification for Ethical Procurement & Supply from CIPS.

4. **Enhancements to Third Party Management Technology**
   During the year, Close Brothers’ Banking division has developed and implemented a new technology solution to support its Third Party Management process. This solution provides improved data and reporting in relation to suppliers that helps further increase transparency within our supply chain. Enhanced modern slavery risk assessment and due diligence processes developed in the 2018 financial year have been incorporated into this new tool and form an important part of the Close Brothers’ processes aimed at detecting and preventing modern slavery in its supply chain.

5. **Third Party Monitoring**
   The group’s Third Party Monitoring function continues to undertake risk-based reviews (both onsite visits and desktop assessments) of the most critical suppliers to assess their control environment and gain assurance that they are operating within Close Brothers’ expectations including with regard to modern slavery. The function also provides mechanisms to ensure that providers are acting legally and responsibly, including from a modern slavery perspective.

   The findings of these reviews continue to be categorised and formally tracked, reported and communicated to the supplier, where relevant, along with our expectations for the implementation of time-bound corrective actions.

   As part of the group’s ordinary course procedures, a periodic capability and capacity assessment was undertaken on the Third Party Monitoring function to ensure that it continues to operate effectively. Following this assessment, the risk-based methodology used to review critical suppliers has been refined and enhanced. These enhancements will be embedded in 2020 financial year.

**Next Steps**

Actions currently planned for the 2020 financial year include:

- Taking further steps to ensure that the Third Party Management & Monitoring teams continue to demonstrate the highest levels of knowledge and awareness regarding ethical issues (including...
relation to modern slavery), including through the renewal of their CIPS Ethical Procurement and Supply certifications.

- Supplementing the Group Third Party Management Policy, and supporting standards and procedures, with a specific Supply Chain Sustainability Policy, including requirements relating to modern slavery. This policy will describe the way in which Close Brothers will conduct business responsibly and the standards expected from our suppliers.

- The new Third Party Management technology referred to above will be used to facilitate more in-depth due diligence on onboarded suppliers identified as having a heightened inherent risk of modern slavery in their supply chain due to the nature of their industry or services.

- The Third Party Management team will continue to monitor the most critical suppliers through the introduction of high level sustainability performance indicators.

- The Third Party Monitoring function will be expanded and its methodology and approach will be enhanced in line with the findings of the capability and capacity assessment undertaken in the 2019 financial year.

Approval

This statement is made with respect to the financial year ended 31 July 2019 in accordance with section 54(1) of the Modern Slavery Act 2015. This statement covers Close Brothers Group plc, Close Brothers Holdings Limited, Close Brothers Limited, Commercial Acceptances Limited, Close Leasing Limited, Close Invoice Finance Limited, Close Brothers Vehicle Hire Limited, Winterflood Securities Limited, Close Asset Management Holdings Limited and Close Asset Management Limited (each a “Group Company”), and it has been approved by the Board of Directors of Close Brothers Group plc and each other Group Company. The statement will be reviewed and updated (if necessary) annually to reflect Close Brothers’ ongoing commitment to ensuring that its business and supply chains are free from slavery and human trafficking. The statement is signed by a director of Close Brothers Group plc, the holding company of the Close Brothers Group.

Preben Prebensen
Group Chief Executive, Close Brothers Group plc
23 January 2019

Other Close Brothers sites

Investor Relations

> Group financial highlights (/investor-relations/investor-information/group-financial-highlights)
> Results, reports & presentations (/investor-relations/investor-information/results-reports-and-presentations)
> Regulatory news (/investor-relations/company-information/regulatory-news)