

Modern slavery statement



UNDERSTANDING THE MODERN SLAVERY RISKS RELATED TO OUR
BUSINESS
HEAD OF OVERSEAS BRANCH

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Background

This statement sets out our actions to understand the modern slavery risks related to our business and describes the steps we take to prevent slavery or human trafficking in our own business or our supply chains.

This statement relates to actions and activities during the period from January to December 2019.

Modern slavery is happening more often than people may realise and we recognise it may exist somewhere in our supply chain beyond our immediate suppliers.

That is why we are committed to protecting people and acting to prevent slavery and human trafficking in our corporate activities.

Our business

Banco Sabadell London, hereinafter BS London, has been present in the UK since 1986 as a fully operational branch. The London office has primarily focused its activity on the management of trade relations between UK and Spain. Our client base consists of UK companies who have a close relationship with Spain, or Spanish companies with subsidiaries in the UK.

BS London offers business customers a range of banking products and services designed to meet their financial needs and we operate in both the UK and international markets.

BS London is part of the Sabadell Group, which is one of Spain’s principal banking groups, with more than 10,000 employees, and composed of different banks, brands, subsidiaries and affiliated companies covering all areas of financial business under one common denominator: professionalism and quality.

Our values

We recognise the aim of the Modern Slavery Act and take our responsibilities seriously. Our values guide us in everything we do – treating others fairly with dignity and respect form the basis of the behaviours we expect from everybody in BS London, including our suppliers.

How we treat our employees

At BS London, we believe everyone has a right to be treated with dignity and respect, and work in a safe and supportive environment. This is evidenced by the Equal Opportunities policy or the Health and Safety policy, laid down in the Staff Handbook.

We are committed to creating an open and transparent culture and encourage all employees to act responsibly and call things out when they think something is wrong, for example by using the Whistleblowing helpline.

We have put policies in place that set out the values and behaviours we expect everyone to demonstrate, which helps our employees to comply with regulatory conduct requirements, such as the Conduct Risk Policy, reviewed and approved by the Head of overseas branch.

To make sure all employees understand these policies we provide a range of training such as the online Conduct Risk course.

Our values also form a key part of induction and welcome events, which all new employees attend and are outlined in the On-boarding Policy.

We make sure we reward our employees fairly and appropriately for the role they are doing. Plus, there is a defined contribution pension scheme, with employer contributions of up to 13% base salary; and a Flexible Benefits scheme, such as time off for adoption, compassionate leaving or flexible working, all outlined in the Staff Handbook.

BS London has also appointed a Wellbeing ambassador, in charge of implementing and supporting wellbeing at the branch and of raising awareness of wellbeing activities.

Working with our customers

Our policies give staff guidance on the risks we need to consider at all stages of our customer relationships. We also have a broad range of additional checks which can be carried out when on boarding new customers, including modern slavery, from independent sources.

We work closely with the police, and other agencies, to make sure we are doing the most suitable checks. If we ever uncover evidence or suspicions of criminal activity, we will always make sure we follow the necessary reporting.

We require all BS London employees to complete mandatory core learning relevant to their role. This includes due diligence to be performed to all our customers, which helps them to identify potential adverse media, including modern slavery, related to them. To make sure the training is effective, we ask the employees to take a test at the end of the course and we track participation and pass rates.

Our supply chain

Based on the nature of our business, our employment practices and those of our supply chain, we believe the risk of modern slavery in our industry is relatively low. But we've identified some areas where our suppliers may be at higher risk, for example:

- Overseas suppliers
- The people who provide facilities services, such as cleaners
- The building trade
- Temporary recruitment firms

Our aim is to make sure our suppliers understand our values and apply those values to their own businesses. And our policies explicitly will show our commitment to preventing modern slavery. We will carry out checks at every stage of the relationship with our suppliers to assess their risk of modern slavery. This includes carrying out an assessment of potential new suppliers and extra checks each year during the life of an existing supplier relationship.

Our Compliance team will be involved in all assessments for both new and existing suppliers, and in the event that we identify any suppliers as higher risk, we will carry out an additional level of risk assessment.

Assessing new suppliers

Before we set up any new relationships with potential suppliers, we undertake checks to confirm whether the suppliers' employees are entitled to work in the UK. In addition to that, we will undertake checks to make sure their values align to ours. These checks will cover a broad range of policy areas including corporate and social responsibility, accessibility and we will seek information from independent sources in order to detect any adverse media related to them. Our standard supplier contracts will also include requirements for suppliers to prevent modern slavery in their operations and their supply chain.

Our processes will make sure new suppliers provide us with evidence their controls against modern slavery meet the same standards as our own.

Reviewing our existing suppliers

We will carry out due diligence checks every year for our higher risk suppliers. And we will ask for statements on their processes and controls against modern slavery. We will do more detailed reviews of suppliers in higher risk areas.

Risk management

In 2019 we set up an Enterprise Risk Management (ERM) framework to better identify, inter alia, potential events in order to prevent slavery or human trafficking in our own business, with a direct involvement of Senior Management through ERM periodic committees.

The ERM team is engaged in the performance of deep-dive analysis on the branch's exposure to risks, including modern slavery or human trafficking, which is overseen by Group Banco Sabadell.

Relevant policies

We have policies that set out a way to do business that supports our values. And we have controls in place to make sure we stick to those policies. We have updated many of these controls to include additional checks to make sure modern slavery risks are fully considered, particularly within the supply chain. These include:

- **Financial crime.** Any knowledge or suspicion of financial crime, must be reported to BS London's Money Laundering Reporting Officer (MLRO), who will assess the internal disclosure and decide whether there are grounds to make an onward disclosure to the National Crime Agency.
- **Whistleblowing.** We encourage all employees to report any concerns related to BS London's activities and those of our suppliers. This includes suspicion of any criminal activity.
- **Conduct risk.** We have high expectations of the way that both our employees and suppliers treat our customers. This includes specific provisions to make sure that we take care of vulnerable customers. Employees are trained to spot these customers at an early stage and provide appropriate support where they can.
- **Vulnerable customers.** We ensure that all employees know how to identify and manage these customers, although we undertake relatively limited business with individuals, and with individuals who are potentially vulnerable customers.
- **Supplier management.** This aims to assist with the selection of supplier(s) for BS London.
- **Risk management.** We provide a framework for the effective management of risks and risk events to ensure that the branch learns from operational risk events as they arise, so that the branch can have greater confidence in achieving its strategy and objectives.

What's next for 2020?

We will continue to build our understanding of how to prevent modern slavery and improve what we do:

- We will enhance the ERM framework to align the risk analysis to the best practices.

- We will continue to develop the guidance we give to our employees and measure their participation in mandatory core learning.
- We will continue to enhance our relevant policies such as the Conduct Risk or the on-boarding to ensure they fully meet our commitments regarding the prevention of slavery or human trafficking.
- We will also work on developing written procedures as to how the branch deals with vulnerable customers and with the staff's wellbeing.
- We will strengthen the overall assessment over our supply chain, including carrying out wider checks on all our suppliers and key supply chain partners to confirm they are doing everything they can to prevent modern slavery themselves and in their supply chains and conducting deep-dive reviews on high risk supply chain partners, as well as working with all our suppliers to improve their labour standards wherever an issue is identified.

Monitoring

The content and actions derived from this statement will be monitored by the ERM team, and if required, discussed in the ERM periodic committee meetings with a direct involvement of BS London's Senior Management.

Approval

This statement, which will be reviewed annually and updated as required, has been approved by our Head of Overseas Branch in May 2020.