

Sainsbury's Bank



# Modern Slavery and Human Trafficking Statement 2023-2024

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## Introduction

At Sainsbury's Bank and HRGCS, we are committed to championing human rights. It is extremely important to us that the people involved in our business – whether through our operations or in our supply chains – aren't being exploited and have their human rights respected. We recognise the hidden nature of modern slavery risks, and we are committed to respecting human rights and identifying vulnerable workers and we will not tolerate any form of slavery or servitude in our business or supply chains.

As a business, we stand against all forms of modern slavery and the exploitation of people for personal or commercial gain. Modern slavery and human trafficking are abhorrent practices that still exist in many parts of the world, including the UK. We take our commitment and duty to tackle these critically important issues seriously. In particular, over the past 12 months we have:

- Onboarded an Environmental, Social and Governance (ESG) Programme Manager who ensures our ESG approach for the Bank is aligned with our wider Group strategy on human rights and modern slavery.
- Trained 99% of our colleagues on how to spot the signs of modern slavery, and how to report it within our business.
- Strengthened our due diligence processes through the introduction and further embedding of Hellios, as outlined below.

# Modern Slavery and Human Trafficking Statement 2023-2024

This is a joint statement by the Bank and HRGCS on our efforts to prevent modern slavery in line with Section 54 of the UK Modern Slavery Act 2015. It details the steps taken by the Bank and HRGCS during the year ending 29 February 2024 to prevent modern slavery and human trafficking in our business operations and supply chains. It was written in collaboration with Sainsbury's Supermarkets, recognising our broader Group strategy on human rights.

This statement has been approved by both the Bank's and HRGCS's Board of Directors.



# Modern Slavery and Human Trafficking Statement 2023-2024

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 29 February 2024.



Michael Larkin

Chief Finance Officer

For and on behalf of Sainsbury's Bank plc and Home Retail Group Card Services Limited

Date: 26 June 2024

**Sainsbury's Bank**



Sainsbury's Bank plc, Registered Office, 33 Holborn, London EC1N 2HT (Registered in England and Wales, no. 3279730). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Register no. 184514). Sainsbury's Supermarkets Ltd is an appointed representative of Sainsbury's Bank plc.

Home Retail Group Card Services Limited, Registered Office: 33 Holborn, London EC1N 2HT (Registered in England and Wales, no. 4007072). Authorised and regulated by the Financial Conduct Authority (Register no. 716148)

# About Sainsbury's Bank

Sainsbury's Bank is a retail bank which is wholly owned by J Sainsbury's plc. Its registered office is in London, with a head office in Edinburgh and it is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Bank's consolidated total income for the financial year ended 29 February 2024 was £435m.

Sainsbury's Bank offers a range of financial products including credit cards, savings and loans, as well as travel money and car, home, pet, travel and life insurance. HRGCS is a subsidiary of Sainsbury's Bank and provides store cards and associated credit plans (such as "Buy Now Pay later" and "Monthly Payment Plan"). HRGCS' turnover for the financial year ended 29 February 2024 was £194m.

As a business, Sainsbury's was founded on the principle of care and always doing what is right and fair for our colleagues, our customers and the communities we serve and source from. Our strong sense of social, environmental and economic responsibility has been at the heart of what Sainsbury's does since 1869.

Across the Group, we take an integrated approach to addressing modern slavery risks in our business operations and supply chains, whilst recognising the unique profiles of each of our brands. As the first supermarket bank to open in Britain, Sainsbury's Bank offers an award-winning blend of financial products and attractive rewards to Sainsbury's shoppers and is aligned to our Group-wide sustainability plan: Plan for Better. Plan for Better incorporates our social and environmental commitments.

We recognise that, although we deem the risk of modern slavery to be low within our own UK-based, financial services organisation, we may be indirectly exposed to modern slavery risks through our supply chain as we are a predominantly outsourced operation. Our supply chain consists of around 170 active suppliers. These range from large banks and IT service corporations to small and medium sized enterprises that provide various marketing and operations services. We work as collaboratively as possible with our suppliers and build relationships with them over time so that we are aware of what is happening in their business and how it can affect ours. The majority of our supplier relationships are long term. The majority of our suppliers are located within the UK or operate through UK-based business units.

# Policies and Governance

Our Human Rights Policy is applicable across the Sainsbury's Group. This Policy outlines our commitment in line with the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. We communicate our zero-tolerance approach to any form of human rights abuses and requirement for suppliers to provide information on their actions to demonstrate compliance with the UK Modern Slavery Act 2015 where necessary.

Our Whistleblowing Policy aims to encourage a culture that makes it easy for colleagues to raise concerns internally or externally in relation to poor business or unethical practice or behaviour via a variety of methods including Rightline (Sainsbury's independently run 'whistleblowing' reporting system) in a confidential and independent manner. We have safeguards in place to protect the anonymity of whistle-blowers.

These policies are reviewed regularly, with assurance and monitoring undertaken monthly to ensure they remain relevant and encompass good practice.

Sainsbury's Bank's ESG Forum, chaired by our Chief Risk Officer, is the main body that is accountable for addressing the Bank's ESG issues, including human rights and modern slavery. The ESG Forum reports into the Bank's Executive Risk Committee, and if necessary, into the Board Risk Committee. The Bank's ESG Programme Manager is responsible for the day-to-day management of human rights issues within the Bank and HRGCS.





# Addressing modern slavery in our supply chain

Our processes, policies and controls are centred around the people at the heart of our business and doing our utmost to respect and uphold their human rights. They 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 risk identification and mitigation approach, we have in place processes and frameworks to:

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

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 supplier management programme consisting of:

- Competitive yet ethical sourcing.
- Standard contractual terms that include a clause on compliance with the Modern Slavery Act 2015, with appropriate action being taken should any supplier be found in breach of this clause.
- Due diligence processes (outlined below) that verify suppliers' compliance with the Modern Slavery Act.
- Accountable decision making

- A risk-based supply chain assurance programme that includes a review of Modern Slavery statements for applicable suppliers.
- Capability training (including modern slavery-specific training) for those responsible for the sourcing, assurance and management of suppliers, completed by 100% of the Supply Chain Management team

Whenever a new supplier is required for either the Bank or HRGCS, due diligence is carried out to ensure that that supplier can not only provide the right product or service at a competitive price but that its actions do not conflict with the values of the Sainsbury's Group. An extensive questionnaire is completed by each new contracting party either at tender or onboarding stage to ensure that our business values align. We complete an initial check on whether all applicable suppliers have prepared and published a Modern Slavery statement and, where they are not required to do so by law, whether they have done so by choice. As part of our risk-based approach to ongoing assurance we check that selected suppliers have maintained their Modern Slavery statement, and continue to answer our assurance questions relating to our overall Environmental, Social and Governance goals.

We regularly review our due diligence processes to identify vulnerable or at-risk workers.

# Addressing modern slavery in our supply chain

In order to complement and enhance our understanding of high-risk supply chains, the Bank and HRGCS use a financial services-specific tool to gain more in-depth data on our suppliers' activities: Hellios. This provides standardised data on suppliers across a community of similar organisations, in our case financial organisations, in order to help them meet their regulatory and governance requirements.

Where suppliers have been identified as members of the Hellios community we use the Hellios portal to allow the Bank and HRGCS to monitor risks more actively on human rights and modern slavery within their operations. Where suppliers are not members of the Hellios community we consider human rights/modern slavery risk as part of our overall risk-based approach to supplier assurance.



# Financial Crime

Modern slavery is of course not just an issue to be considered in relation to the management of our supply chain. We remain vigilant for it in our dealings with customers too.

Within our internal Financial Crime processes, there are extensive “know your customer” (KYC) checks carried out before a customer is brought on board. These checks allow us to verify (i) who the customer is and (ii) how they are likely to transact once the relationship begins. The close links between modern slavery and money laundering mean that our KYC checks aid our defence against both. Deep understanding of the customer is crucial, particularly given the attempts made by criminals to conceal as much information about themselves as possible. Periodic refreshes of the information we hold about our customers and their activities help to ensure that we have the most up-to-date details on record.

Our Financial Crime team monitor the activity of existing customers for situations that appear suspicious. Instances of suspicious activity are highlighted and investigated using established detection scenarios. These detection scenarios are designed to capture known financial crime behaviours and also activity that is deemed to be inconsistent with the customer’s profile gathered at the KYC stage.

The Financial Crime team also use similar techniques to identify possible instances of modern slavery that require further investigation (for example designed around factors such as numerous applications being submitted from the same address or postcode). The colleagues entrusted to work alerts are trained in the detection of “red flags” for both normal financial crime and modern slavery situations.

Checking for modern slavery risks is also an additional step our internal investigators take when investigating cases that have originally been brought to our attention for reasons other than potential slavery.

We ensure that we raise suspicious activity reports to the National Crime Agency through our nominated office function. Annual training is provided to colleagues on how to raise a SAR when they see something that they deem suspicious. Annual training is also provided on modern slavery and the red flags associated with it.

# Recruitment and employment

We have robust and proportionate recruitment processes and procedures in place to mitigate against modern slavery risks, including eligibility checks to work legally in the UK.

HRGCS does not directly employ individuals and those working at the Bank have different employers depending on how and when they started supporting the business. All colleagues working at HRGCS and the Bank are employed by either Argos Ltd, Sainsbury's Supermarkets Limited or Sainsbury's Bank plc. In advance of any candidates being offered employment, we carry out compliance checks, including a financial health check. All colleagues undergo Right To Work checks in accordance with HMRC guidelines, the Immigration Act 2016 and

our Right To Work Policy. The Right to Work Policy includes not only checking that people can legally work for us but also that anyone joining us, whether in a temporary or permanent role, are doing so of their own volition. Each team in the Bank also has wellbeing volunteers who are there to help support anyone who reaches out for help.

Of the 2,182 colleagues employed by Sainsbury's Bank (as at 8 February 2024), 2,158 are permanent or fixed-term employees and 24 are on temporary contracts. When sourcing for temporary staff, we only source from reputable recruitment agencies, and, recognising the risk of uncertainty of work and income they bring, we don't make use of zero hours contracts.



# Training our colleagues

We recognise that in order for us to address modern slavery and human trafficking risks, we must ensure that our colleagues understand what modern slavery is, what the indicators are, and how to report concerns. We aim to raise awareness throughout our business and with our supply chain, so that responsibility for identification of issues is shared, rather than sitting with a smaller group of experts, or being reliant on external stakeholders.

Since we started delivering training on modern slavery across the Bank and HRGCS business in 2016, we have seen consistently high completion rates. The training is mandatory for all colleagues within Bank and HRGCS and must be completed on an annual basis. If annual completion rates drop below 95%, the Talent and Learning teams would investigate to find out why colleagues were not completing the training and whether that presented any concerns. As of 30th January 2024, 99% of colleagues are up to date with their modern slavery learning requirements.

The training continues to receive favourable feedback with an average rating of 4.5 out of 5 stars, with colleagues commenting that it provides them clear direction on what they should do if they suspect modern slavery as well as how to spot the signs of it occurring.

# Key performance indicators

Percentage of Sainsbury's Banks and HRGCS colleagues up to date on their modern slavery mandatory learning training:

**99%**

Number of reported incidents received either internally or through Rightline of suspected trafficking, modern slavery or forced labour:

**0**

We will continue to review our KPIs to ensure they accurately assess the effectiveness of our actions.

# Future approach

We will always champion human rights across our business and supply chains and will continue to monitor and mitigate the risk of modern slavery and human trafficking throughout 2024/25. We will seek out opportunities to strengthen our approach and so ensure we are responsive to the ever-changing modern slavery risk landscape.

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## **Within the next year, we will:**

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- Work with industry experts to develop modern slavery workshops tailored to the context of financial services and deliver these workshops to relevant colleagues across the Bank and HRGCS.
- Carry out a peer review of other banks' modern slavery and human trafficking statements to identify potential areas for improvements in our approach to tackling modern slavery and implement the findings.
- Continue to work with the Hellios portal provider in refining and enhancing the management information we derive from the portal.