

2023 Modern Slavery Statement

This statement comprises the Slavery and Human Trafficking statement of Shawbrook Group plc and its wholly owned subsidiary Shawbrook Bank Limited (together 'Shawbrook' and the 'Group') pursuant to section 54(1) of the Modern Slavery Act 2015 ('MSA') for the financial year ending 31 December 2023.

This statement also covers Shawbrook's wholly owned subsidiary The Mortgage Lender Limited, which during 2023 has fully aligned its policies and procedures around modern slavery to those of the Group. During 2023 Shawbrook acquired Bluestone Mortgages Limited ("Bluestone"). Bluestone is not required to produce its own modern slavery statement as its turnover is below the statutory threshold, however during 2024 we will also be aligning Bluestone's policies and procedures around modern slavery to those of the Group.

Business Structure

Shawbrook is a specialist bank which exists to serve the needs of real estate professionals, SMEs, retail mortgage customers and consumers in the UK with a range of lending and savings products.

Given the nature of the Group's business and operations – both now and looking forward - Shawbrook is at very low risk of direct exposure to slavery and human trafficking issues. However, the Group continues to take its responsibilities seriously and has sought ways to champion better work and working relationships to raise awareness of the issues of modern slavery and human trafficking.

Supply Chains and Risk Assessment

As a financial services provider which does not manufacture, produce or sell any physical goods, and has no retail premises, Shawbrook has a relatively straightforward supply chain compared to other sectors. It is not authorised to conduct any financial services outside of the UK; however, some supply chains can be complex in nature and therefore some outsourcing professional activity takes place outside of the UK.

We strive to achieve mutually advantageous supplier relationships, built on common values and expectations. It is our commitment to conduct business in a responsible and sustainable manner that underpins our engagement with third party suppliers, only working with those that resonate with our core values.

In order to take a proactive stance against modern slavery, Shawbrook asks that all of its staff and suppliers, such as cleaning contractors, recruitment consultants, stationery providers, design agencies and catering contractors, are expected to behave ethically at all times during the sourcing and supply of goods and services for the Group.

As part of its procurement process, modern slavery risk is included in the wider financial crime risk assessment which is undertaken when onboarding new suppliers. Shawbrook periodically reviews the due diligence and contractual terms in place with its preferred suppliers to ensure they remain relevant. These records are monitored on a regular basis by the Procurement team and any breaches are reported. There were no reported breaches in 2023.

Additionally, the Procurement team and Relationship Owners are asked to comply with the Chartered Institute of Purchasing & Supply's Code of Professional Ethics in relation to procurement activity.

<https://www.cips.org/cips-for-business/performance/ethics/corporate-code-of-ethics/>

Shawbrook continues to comply with regulatory requirements on outsourcing, which require us to take all reasonable steps to avoid undue additional operational risk and to take all reasonable steps to ensure that a service provider has the ability, capacity and authorisation required by law to perform their outsourced functions, services or activities reliably and professionally.

With respect to Shawbrook customers, as part of our customer due diligence standards we look to identify and verify control and ownership structures for all entities, and then screen all relevant parties for adverse media. Additionally, as part of our risk assessment process, we have factored in industry risk scores that are inherently higher risk for modern slavery and human trafficking. These customer risk scores then drive additional due diligence requirements and heightened ongoing monitoring.

Policies in relation to Slavery and Human Trafficking

Shawbrook recognises the role it shares with its suppliers in tackling modern slavery. The Group has zero tolerance to slavery and human trafficking and places a duty on all staff to report any potential infringement arising either internally or externally. Detailed background checks are carried out by an independent firm prior to new employees commencing work with Shawbrook, which would capture any criminal records in respect of slavery and human trafficking offences.

Shawbrook also operates a number of practices, procedures and policies to ensure compliance with all human rights laws and UK employment laws.

Appropriate cross-references to modern slavery offences have been added to relevant policies to further heighten awareness in circumstances where related matters are being addressed.

Furthermore, modern slavery and human trafficking are addressed within our financial crime framework. Shawbrook monitors its risk exposure to the facilitation of modern slavery and human trafficking through risk assessments, due diligence and ongoing monitoring measures completed on our customers and associated parties such as brokers and intermediaries.

Actions Taken and Planned

During the 2023 financial year the Group set up a Modern Slavery working group, chaired by the Chief Compliance Officer and with senior representatives from various parts of the bank. The terms of reference of this working group, which meets quarterly, state that its purpose is to ensure accountability for compliance with the Group's modern slavery controls framework and to identify opportunities for further enhancement.

The Group continued to consider the risk of modern slavery in the context of its lending business. When lending to corporate customers in industries where the risk of modern slavery may be elevated, Shawbrook has strengthened its customer due diligence processes to enhance the control framework on modern slavery. The Group has also now completed the process of updating its lending terms and conditions with trading businesses to include specific confirmation of compliance with anti-modern slavery and human trafficking legislation.

While (as stated above) modern slavery risk is covered in a number of existing Group policies, in the early part of 2024 the Group intends to create a specific Modern Slavery Policy. By creating one central policy the Group aims to increase the focus on this important risk area and increase the effectiveness of its anti-modern slavery controls. During 2023 the Group launched its 'Speak Up' policy (designed to make it easier for colleagues to raise any concerns of potential wrongdoing) and we intend to use this 'Speak Up' framework to encourage colleagues to highlight any specific modern slavery issues they may encounter in the course of their work.

Due diligence processes

Although modern slavery and human trafficking concerns are of a generally low risk to the business, Shawbrook continues to ensure ongoing monitoring of suppliers. We assess and review anti-slavery matters with existing suppliers at the time when each contract is reviewed and/or renewed, and always at inception with any new supplier. We are also part of FSQS (Financial Services Qualification System), which is a community of financial institutions. It is operated by a third party, Hellios, which is recognised for providing total supplier information and risk management solutions and we are confident that this partnership strengthens our ability to systematically monitor supplier activity, ensuring full compliance with our values and relevant legislation, including the MSA.

The Group Procurement and Supplier Performance Management Policy governs the onboarding process and reinforces the importance of due diligence and supplier governance in relation to modern slavery and human trafficking issues.

MSA related clauses are now incorporated into all new contracts with suppliers we identified as being at risk. Contracts with other suppliers will require the supplier to comply with all applicable laws applying from time to time. References to “all applicable laws” would include the Modern Slavery Act 2015.

As noted above, due diligence is also carried out on customers, brokers and intermediaries that also reflect inherent risks from modern slavery and human trafficking.

By having the correct tools (such as the MSA Compliance database and FSQS) and regularly reviewing our policies, we can proactively assess MSA risk. Should any suspicions of modern slavery be identified, the Group will take internal action and escalate through the relevant governance framework for review. If any of these cases are confirmed, relevant authorities are notified and all relevant relationships suspended (i.e. employee, customer, intermediary or supplier).

Measuring effectiveness

In 2023 there were no reported instances of modern slavery within the Group or its Supplier Relationships.

In 2023 an assurance review was undertaken to test for evidence of the extent to which modern slavery risks have been embedded into policies and processes. That review highlighted good evidence of embedding but recommended a small number of further enhancements.

The Group will continue to review and monitor its approach to modern slavery amongst our colleagues and suppliers on a regular basis.

Training

In order to maintain awareness and understanding of the risks, specific Modern Slavery Act training forms part of all new employees' induction programmes and is included in mandatory annual refresher training for existing employees. During 2023, 100% of eligible employees completed this training. During 2024 the Group intends to supplement this bank-wide training with additional, more in-depth training for colleagues in roles where modern slavery risk is more relevant eg Procurement.

Board Approvals

This statement was reviewed by the Bank's Executive Committee and then approved by the Shawbrook Group and Shawbrook Bank Board on 26 March 2024.

Marcelino Castrillo
Chief Executive Officer

On behalf of:
Shawbrook Group plc and
Shawbrook Bank Limited

26 March 2024