



Modern Slavery Statement 2016

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Virgin Money during 2016, to prevent modern slavery and human trafficking in its business and supply chains.

Introduction

Virgin Money's ambition is to make 'everyone better off' by delivering good value to our customers, treating colleagues well, making a positive contribution to society, building positive relationships with our partners and delivering sustainable profits to our shareholders. Our ambition underpins Virgin Money's differentiated approach to banking.

Modern slavery is an issue that exists in both developed and developing economies and across business sectors. Virgin Money has a zero tolerance to slavery, servitude, forced labour and human trafficking (Modern Slavery) and is committed to conducting business with honesty and integrity and treating everyone with dignity and respect. As a result, we look to partner with businesses that genuinely understand and share our philosophy of making 'everyone better off'.

The initial review of our existing policies, processes and contracts showed that they embrace the principles and aims of the act. Given the evolving nature of the issues involved in modern slavery, subsequent and detailed risk assessments, drawing on the expertise of a cross-functional team, have focused on strengthening further our existing controls.

We are committed to working with our partners and suppliers to raise awareness and understanding of modern slavery and eliminating the practice from the supply chain. This statement details the actions we have taken so far to achieve this.

1. Our Business and Structure

Virgin Money Holdings (UK) plc is the parent company of the Virgin Money Group in the UK. The Group includes Virgin Money Giving Ltd, The Virgin Money Foundation and Virgin Money plc, which employs all Virgin Money colleagues.

Virgin Money plc is a strong, low risk retail only bank which is focussed primarily on providing residential mortgages, savings and credit cards along with a range of complementary financial products including investments and insurance. Our main offices are in Newcastle upon Tyne, Edinburgh, London, Norwich, and Chester. We have 74 Virgin Money Stores and 7 Lounges across the UK. The business employs over 3,000 people across the UK. 84 per cent of our colleagues are based in our main offices and 16 per cent work in our Stores and Lounges.

Policies and Controls

Our People Policy reflects our commitment to ethical business practice and corporate citizenship. The policy was revised in 2016 and confirms that we do not condone the abuse of human rights or the use of forced or bonded labour. The policy applies to both Virgin Money colleagues and the employees of our partners and suppliers.

In 2016, we revised our whistleblowing policy to highlight to colleagues that any concerns about modern slavery in our business or supply chain should be reported so that action can be taken.

Recruitment Practices and Trade Unions

We assess the eligibility of all colleagues to work in the UK. We have reviewed and updated our processes and provided relevant colleagues with appropriate training.

We are committed to fostering a supportive relationship with our recognised trade union and our colleague forum.

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Training and Communication

All of our Procurement colleagues have completed accredited Chartered Institute of Procurement and Supply (CIPS) training on modern slavery and human rights. We have provided training for key staff on our policies relevant to modern slavery, contractual changes and the outcome of our supplier risk assessment.

To ensure bank-wide awareness of this important issue we have been educating colleagues throughout the business about the risks of slavery and human trafficking in supply chains and empowered them to challenge unethical behaviour.

Assessment of the Risk of Modern Slavery within our Business

Based on our review of our locations, recruitment practices and roles within the business, combined with our policies and the availability of our Whistleblowing Hotline, we are confident that the risk of modern slavery within Virgin Money is very low.

2. Our Supply Chain

We source goods and services from both UK based and international partners to support the delivery of our banking services. We purchase primarily from the following sectors:

- > Property and Facilities – for example, office furniture and maintenance services;
- > Information Technology and Change – for example, software, hardware, telecoms; and
- > Professional Services

Our providers range in size from many SME businesses up to large blue chip corporations. Only 4% of our tier one suppliers were based offshore in 2015.

Due Diligence

During 2016, we revised our due diligence process to consider the steps suppliers take to ensure modern slavery does not exist within their business and supply chain. New suppliers are required to sign a Code of Conduct stating our minimum expectations of human rights standards and labour conditions with which providers are expected to treat employees. The Code of Conduct was revised during 2016 to strengthen the principles on modern slavery and human trafficking. Adherence to all relevant laws relating to human rights, human trafficking and modern slavery is essential and new contracts now require suppliers to inform us as soon as practicable should they identify a breach of the Modern Slavery Act in their business or supply chain.

Supply Chain Risk Assessment

We have conducted a risk assessment of our supply chain according to the nature of the goods or services, their origins, and the extent of subcontracting. This risk assessment has led to us seeking further information from a small number of suppliers to deepen our understanding of their supply chain, and will inform action we take in 2017 to more fully understand our risks.

Evolving Approach

We are committed to continuing to develop our understanding of the issues and mitigating the risks involved in modern slavery. We will continually review our policies, processes and controls, and improve the mapping of our supply chain to identify areas of high risk. During 2017 we will consider the best way to provide assurance that high risk sectors of our supply chain are free from modern slavery and we will develop KPIs to measure the effectiveness of our approach. We will also continue to engage and collaborate with other financial services companies as we strive to further improve standards and transparency across our supply chain.

This statement has been published pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Virgin Money's slavery and human trafficking statement for the financial year ending 31 December 2016. It has been approved by Virgin Money's Board of Directors and will be reviewed annually.

A handwritten signature in blue ink, appearing to read "Mark Parker".

Mark Parker
Chief Operating Officer, Virgin Money
February 2017

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