



Modern Slavery Statement 2018

Both Virgin Money plc (since October 2018) and Clydesdale Bank PLC are part of CYBG PLC. CYBG PLC is an independent banking group. This Statement reflects the achievements of both Clydesdale Bank PLC (trading through the Clydesdale Bank, Yorkshire Bank and B Brands), and its subsidiaries Virgin Money Unit Trust Managers Limited and Virgin Money plc (the latter two trading through the Virgin Money Brand) during 2018 and the combined vision for the CYBG PLC banking group for 2019 and beyond. We will now refer to both Clydesdale Bank PLC and Virgin Money plc collectively as 'the banks'.

Our Business

We serve over six million customers across the UK through an omni-channel model of online, mobile and telephone banking and we have a national network of 250 branches and business banking centres. Our ambition is to offer the best service in UK banking, providing customers with market-leading functionality and innovative products, supported by robust technology and a first class, personal customer experience.

Our main offices are in Glasgow, Leeds, Newcastle upon Tyne, Edinburgh, London, Norwich and Chester.

Socially responsible business operations should be the intrinsic foundation in which banking operates. This is reflected in Virgin Money's recent accreditation as a Living Wage Employer, paying a wage that is calculated according to the basic cost of living in the UK to all colleagues, contractors and suppliers who work on Virgin Money sites. Clydesdale Bank has, since 2016, paid all salaries above the pay recommended by the Living Wage Foundation.

Our Customers

The banks currently have separate due diligence processes in place to mitigate risks in our relationships with both new and existing customers who open and maintain bank accounts with us. These processes include Industry-wide Anti-Money Laundering Know Your Customer (KYC) checks made both at the point of account opening and periodically throughout the customer relationship. These processes will be harmonised across the banks during integration.

Policies and Controls

In 2018, the banks separately built on existing policies and controls. As an example, Virgin Money introduced a cross-functional Modern Slavery Network, drawing on expertise from across the business to drive co-ordination and oversight of modern slavery activity. This network is the forum to share knowledge and identify and initiate any additional opportunities to strengthen our approach to combat modern slavery.

The banks are committed to complying with legislation and good employment practices when engaging and onboarding employees. All relevant policies and processes will be reviewed to ensure we deliver against the combined organisation's commitment to compliance with legislation and good practice when engaging and onboarding employees and suppliers.

The banks are participants in the Banking Protocol with two main aims; making sure our customers are protected from fraud and helping to identify customers who could be exposed to potential fraud or modern slavery activity. Throughout 2018 the banks separately ensured colleagues benefitted from business wide communications raising awareness of these issues and the actions in place to address the challenges.

In the future, a combined approach will be adopted across the banks to enforce effective systems and controls which minimise the risk of slavery and human trafficking within our business and across our supplier base.

Identifying Modern Slavery and Human Trafficking

Virgin Money is a member of the Joint Money Laundering Intelligence Taskforce which has a number of operational priorities including 'understanding and disrupting the funding flows linked to organised immigration crime, human trafficking and modern slavery.' In line with this we have a number of mechanisms in place to help us identify and highlight customers and employees of suppliers who may be involved in modern slavery including:



colleague training; procedures for raising concerns to the Financial Crime team; referrals to the National Crime Agency (NCA).

Clydesdale Bank is an active member of the Financial Services Qualification Scheme, which all key suppliers have been invited to join. Contained within the initial risk assessment that suppliers complete are questions on compliance with the Modern Slavery Act including requesting confirmation from relevant suppliers that they have or intend to publish their own modern slavery statement. We are now gathering collateral, creating dashboard reporting and taking action where necessary based on information provided by suppliers.

Training

During 2018, Virgin Money extended the reach of our training programme, ensuring that colleagues who have direct contact with customers understand what modern slavery is and can identify the signs of someone who may be involved in slavery. This training has been completed by numerous colleagues including those in our branch and Lounge network and our Fraud and Financial Crime team.

Clydesdale Bank include modern Slavery content within Financial Crime learning which all front office customer facing staff complete to develop their awareness of what constitutes criminal activity and the indications of this. This training is specifically tailored to audience needs and has been delivered through different mediums depending on requirements.

During 2019 and beyond, colleagues across the banks will receive training on our updated policies and processes impacting or informing our approach to modern slavery.

Our Supplier Base

The banks rely on the use of suppliers to support the delivery of high quality services to our customers and the Group, and in doing so we expect all our suppliers to operate in a responsible, ethical, open and transparent way and in compliance with all applicable laws and regulations.

The ongoing integration of the supply bases of Virgin Money and Clydesdale Bank will change the composition of third parties working with the banks. In turn, this will require a further risk assessment to ensure any exposures are fully understood and appropriately addressed. This gives us the opportunity for a deep review of our suppliers' ethical and socially responsible credentials.

The banks separately have robust sourcing and due diligence processes. These are continually reviewed to ensure they are reflective of the relevant risks. Moving forward, a single approach across the banks will ensure a consistent and thorough assessment of a supplier's approach to modern slavery, both at sourcing and throughout the life of our relationship with critical, strategic and outsource suppliers.

Our respective supplier codes of conduct set out the standards, principles and behaviours we expect from third party providers to the banks. This places the expectation on our suppliers to operate ethically and with integrity in all our business dealings and relationships and to implement and enforce effective systems and controls. From 2019, the banks will adopt a single supplier code of conduct.

Raising Awareness

We continue to raise awareness of modern slavery with our suppliers and local businesses. In 2018 Virgin Money held an awareness event with a group of businesses in the construction industry, drawing attention to the risk of modern slavery across industries and providing information to support them in driving change.

To recognise Anti-Slavery Day, Virgin Money held a series of educational events for the wider business to learn more about the issue and how Virgin Money are tackling it, and we published an article to help colleagues understand how they can make a difference both at work and at home.

Clydesdale Bank implemented a supplier communication and verification programme to confirm that suppliers have received and understood the bank's position regarding modern slavery and are additionally aware of our supplier code of conduct. A series of training communications was directed to internal staff highlighting the issues of modern slavery and human trafficking and how we mitigate potential concerns to look for within our supply chain engagement.



The banks work with suppliers on an ongoing basis to ensure they are aware of the importance of the issue and that they are taking appropriate action, irrespective of whether they are a small business, or a large company required to publish a modern slavery statement.

Measuring Our Success

We measure our success in delivering on our priorities around modern slavery against the following indicators:

Supply Chain Risk Assessment

The annual risk assessment at Virgin Money identifies a number of suppliers for whom further information is required to satisfy ourselves that appropriate action is being taken to address the modern slavery risks inherent to their business. During 2018, the risk assessment focused on a deeper understanding of a small number of key suppliers. This remains ongoing.

The banks will align and further develop supply chain due diligence, related human rights programme and auditing process in order that any instances of modern slavery can be identified, and remedial action taken.

Colleague Awareness

Training is central to identifying the risk of modern slavery and taking appropriate action, both during the sourcing process and throughout the contractual relationship. A total of 616 Virgin Money colleagues received training through the online training portal during 2018, and supplier relationship managers and procurement colleagues received face to face training.

In the future the banks will deliver a further internal focused awareness campaign to our supplier relationship managers on modern slavery. We will review training opportunities in sectors deemed as heightened risk to both raise awareness of the Modern Slavery Act and help suppliers achieve a higher standard of compliance.

Looking to the Future

We will continue to use our influence to bring attention to modern slavery amongst our suppliers and colleagues. Clydesdale Bank has recently become a member of Slave Free Alliance, a membership scheme for businesses to improve transparency across their supplier base. Benefitting from their experience, the banks will focus at a deeper level of the supplier base and provide ongoing training to colleagues, turning an emerging business threat into a demonstration of ethical best practise.

This statement has been published pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Clydesdale Bank and Virgin Money's slavery and human trafficking statement for the 2018 financial year. It has been approved by the Board of Directors and will be reviewed annually.

A handwritten signature in black ink that reads "David J. Sutt".

CEO CYBG PLC GROUP

March 2019