



Modern Slavery Statement 2017

This statement sets out the steps taken by Virgin Money during 2017 to prevent modern slavery and human trafficking in its business and supply chains.

Introduction

Virgin Money has a zero tolerance to slavery, servitude, forced labour and human trafficking. We are committed to conducting business with honesty and integrity and treating everyone with dignity and respect.

The statement below sets out how we have performed against our 2017 plan and our planned approach in 2018.

Progress during 2017

Aimed at further reducing the risk of slavery within our supply chain, we focused on deepening our understanding of the risks involved and delivered training to key areas of the business. This has driven further review and improvements to our sourcing and procurement processes. We will continue to measure the effectiveness of our approach to improve the mapping of our supply chain to identify areas of risk.

Virgin Money has played a leading role in raising the profile and risks of modern slavery across the Virgin Group, and within our local business community. In December 2017 we held an event for organisations in the North East to share best practice. The event was addressed by speakers from Northumbria Police and Communisis (one of our key suppliers) and was attended by 27 suppliers and local businesses.

Communication has been ongoing throughout the year with key areas of Virgin Money to share understanding of the risks facing our supply chain. The main business area has been closely engaged to identify the relevant risks, and communication to the Chief Operating Officer Risk Board has highlighted the higher risk areas and subsequent action plans.

1. Our Business and Structure

Virgin Money is a low risk UK retail bank focused primarily on providing residential mortgages, savings and credit cards along with a range of complementary financial products including investments and insurance. We aim to offer good value, straightforward and transparent products, supported by prudent underwriting and outstanding customer service.

In the 2016 Modern Slavery Statement, we shared details of our business structure, policies and controls, resourcing processes and our relationship with trade unions. These have all remained consistent throughout 2017 and, although never complacent, our assessment of the risk of modern slavery within Virgin Money remains low.

2. Our Supply Chain

Our core supply chain remains unchanged during 2017. We source goods and services from both UK-based and international partners to support the delivery of our banking services. We purchase from SME businesses up to large blue chip corporations primarily from the following sectors:

- > Property and Facilities;
- > Information Technology and Change; and
- > Professional Services

Sourcing and Due Diligence

We have developed our sourcing processes further, expanding the questions we ask as part of this process to provide a deeper understanding of the action prospective suppliers are taking within their business and supply chain. Additionally, our Supplier Code of Conduct, revised during 2016, is now issued with sourcing documents for high value or high risk contracts. Suppliers who are unable to state that they can comply with the Code of Conduct are asked to put a plan in place to achieve this.

Our due diligence process has been amended to recognise that no supplier can guarantee slavery does not exist within their supply chain. Instead, our processes now consider the steps suppliers are taking to mitigate the risk of slavery.



Key Performance Indicators

During 2017, we established a number of performance indicators which reflect Virgin Money's priorities around modern slavery and indicators of the effectiveness of our actions:

Incidences of Modern Slavery Identified	A key indicator of the effectiveness of our actions is the number of issues that have been identified and reported to Virgin Money's Operational Risk Conduct and Compliance Committee, and of those the number that have been closed to the satisfaction of Virgin Money. During 2017, no issues in relation to modern slavery have been reported to the Committee.
Supply Chain Risk Assessment	The annual risk assessment 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 2017, 10% of suppliers reviewed during the risk assessment were contacted for further information. All of these have been satisfactorily closed out.
Training	Training is central to enabling the business to identify the risk of modern slavery and take appropriate action, both during the sourcing process and throughout the contractual relationship. A total of 30 colleagues received training from Unseen, a leading UK based modern slavery charity. This included colleagues from our Procurement, Legal, Property and Facilities and Resourcing teams.

Evolving Approach

We recognise that the landscape is constantly evolving and we are committed to maintaining up-to-date knowledge of the issues and raising awareness amongst local businesses. In 2018, we will extend training to other areas of the business and will continue to engage both with suppliers in higher risk sectors and with other financial services companies.

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 2017. 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 2018