

Modern Day Slavery and Human Trafficking

SPW Statement

July 2023

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Opening statement

Schroders Personal Wealth (SPW) recognise the responsibility that we have towards our clients, stakeholders, our employees, and society as a whole. Corporate responsibility matters enormously to us and therefore, we are committed to doing everything we can to prevent any form of modern slavery or human trafficking from taking place in our business or supply chains. This is our fourth annual statement, which has been prepared to comply with section 54 of the UK Modern Slavery Act (2015) and is an update on the progress that we have made during 2022.

Organisational structure

SPW is a financial planning joint venture established by Schroders plc and Lloyds Banking Group plc - two of the UK's largest names in banking and asset management. SPW combines personal relationships and investment expertise, which aim to help clients achieve their financial goals. We aim to help more people across the UK benefit from financial advice.

Supply chains

The risk of modern slavery within our direct business is deemed to be low because all our employees work in roles that are office-based and/or require specialist qualifications. We therefore consider that modern slavery risks are most likely to occur when we source goods or services for our own consumption where there is an unethical supply chain.

At the end of 2022, our supply base consisted of 237 suppliers, the majority of which operate in professional services sectors such as management consultancy, HR, IT, marketing, and communication. The majority of our suppliers are located in the UK, with the remainder in other European countries and North America.

We recognise that sectors such as cleaning, catering, property, and security are potentially higher risk, especially where separately outsourced, therefore we have mostly consolidated these under a managed service agreement with a facilities management supplier. This enables us to better monitor and manage this risk. This supplier operates an Ethics Helpline which enables all members of their staff, their subcontractors, and our employees to report any concerns regarding alleged minimum wage and other labour law violations by their suppliers on our sites. These reports are independently recorded and fully investigated.

Supply chain risk is mitigated by the following due diligence activities that are conducted on suppliers at the point of onboarding and during the lifecycle of the relationship with us:

Completion of Risk Ledger

Risk Ledger is a managed third-party qualification system that ensures SPW adopt a standardised approach to compliance and assurance. SPW invite suppliers to complete the questionnaire in order to validate and evidence third-party adherence to industry best practices, internal and regulatory requirements. As part of the Environmental, Social and Governance question set, suppliers must attest to whether they have a modern slavery statement or policy and if any incidents of modern slavery have been reported in the previous 12 months. Should a supplier provide an answer that is non-compliant with the UK Modern Slavery Act, Sourcing Managers are required to investigate and manage through to resolution prior to contract signing. If a modern slavery issue is identified during an annual review of an existing supplier and deemed sufficiently serious, a review of contract terms is undertaken including the right to terminate.

Legal contracts

SPW aims to manage contractual risks by establishing a suite of SPW standard terms and conditions, enabling us to define our preferred position, encourage consistency and minimise the number of contract versions being managed within our supply chain. SPW's standard contractual terms and conditions incorporate clauses requiring suppliers to confirm that slavery and human trafficking is not taking place and that they are complying with the requirements of the Modern Slavery Act. SPW does not permit its key suppliers to subcontract work without SPW consent and where we do consent, our suppliers will need to attest on their behalf.

Supplier Code of Responsibility (SCOR)

SPW require all suppliers to attest to our SCOR, where we expect them to operate in a responsible and sustainable manner. The SCOR sets out the key social, ethical, and environmental values that we expect suppliers to abide by. The themes highlight the issues that are important to us. From ensuring we support an inclusive and ethical supply chain to guaranteeing individuals throughout our supply base work in a safe and healthy manner. We request suppliers explain the principles of this Code to their employees and key sub-contractors who support SPW products and services.

Policy and procedures

The policies and procedures we have in place reflect our commitments to operating responsibly and ethically as a business and as individual employees. These policies help us to embed modern slavery considerations into our operations. SPW employees are required to familiarise themselves with relevant policies by way of mandatory training requirements. A breach of SPW internal policies can result in disciplinary action including dismissal. Specifically,

- SPW are an accredited Living Wage Employer with all colleagues being paid above the living wage;
- We are also committed to fairer hours and contracts, where we do not have any employees on zero or minimal hour contracts;
- Our Whistleblowing policy encourages employees and members of our supply chain to report any actions they believe to be unsafe, unethical, or unlawful;
- Our employment vetting standards apply to all permanent and non-permanent employees that we recruit, including temporary staff and contractors;
- Our recruitment procedures ensure that all prospective employees are legally entitled to work in the UK;
- Where we use recruitment agencies to fill roles, they are bound by contracts that require compliance with specific Modern Slavery and Anti-Bribery clauses;
- We adhere to Ethical Sourcing, ensuring that we only partner with responsible suppliers.

Training & materials

SPW continues to review and update its Modern Slavery training materials to manage new risks. Designed to provide all employees with the most up to date information on the key facts and includes the “red flags” that will assist them in not only detecting the signs of modern slavery but also how to report it. This is further supported by training for colleagues in specific roles such as Sourcing and Supplier Management covering the requirements of the UK Modern Slavery Act and the risks of slavery and human trafficking.

To help furnish SPW colleagues with updates on all supply chain activities, a Sourcing and Supplier Management newsletter is circulated monthly to all colleagues via the company internal internet platform. This helps provide a high-level overview of inflight activities and timelines for pending requests and helps provide a transparent service to all our internal customers.



Achievements in 2022

- re-affirmed compliance requirements with the Modern Slavery Act in our tender and procurement documentation;
- reviewed existing compliance conditions in existing contracts and agreements, including termination clauses;
- completed a full attestation of all suppliers to our Supplier Code of Responsibility (SCOR);
- validated that all staff from our Facilities Management supplier who support SPW have the right to work in the UK;
- obtained re-accreditation to the Good Business Charter (“GBC”), which is an accreditation that organisations in the UK can sign up to in recognition of responsible business practises. Our re-accreditation confirms that we continue to seek to make a positive impact in our community, society and the environment and are committed to acting responsibly throughout the value chain ensuring a fair and transparent business model;
- were re-accredited with the Fair Tax Mark (“FTM”) for the second year, which is an independent run scheme actively recognising businesses adherence to the principles of Fair Tax. This is a valuable endorsement of our commitment to the principles of tax transparency and paying our fair share of taxes;
- continue to be a member of The Government’s Prompt Payment Code (“PPC”). SPW are proud to report that in 2022:
 - 99% invoices were paid within agreed guidelines
 - 98% of small businesses (less than 50 employees) were paid within 30 days
- published our second Responsible Business Report, which aligns with our deep commitment to transparency in everything we do and with the ambition to be a sustainability leader in the wealth management sector.

Key Performance Indicators

We recognise that it is difficult to put a numerical value on the outcomes and impacts of an approach to tackle modern slavery, however, the Key Performance Indicators (KPIs) we have adopted for our activities and progress for 2022 are:

KPI	2022	2021	2020
Instances of modern slavery reported in business or supply chain	Zero	Zero	Zero
Completion rates of employees required to do modern slavery e-learning	100% 874 Colleagues	100% 785 Colleagues	100% 881 Colleagues
Total Managed suppliers who have agreed to our Supplier Code of Responsibility (SCOR)	100% 169 Suppliers	100% 140 Suppliers	100% 126 Suppliers
Number of modern slavery due diligence questionnaires assessed and approved for Tier 1 suppliers	100% 18 Tier 1 Suppliers	100% 18 Tier 1 Suppliers	100% 16 Tier 1 Suppliers

Closing statement

SPW will continue to be vigilant when assessing areas of potential risk both directly within our business as well as within our supply chain and act promptly where a compliance breach has been identified or flagged. Initiatives that we are looking to implement in 2023 include:

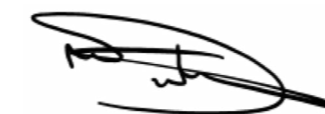
- increase awareness with third parties we engage with by promoting and signposting industry led on-line guidance and compliance tool kits;
- continue to provide more training and awareness both internally and externally and help in the identification of new areas of risk arising from our wider business activities;
- increase our understanding of IT procurement risk in our supply chains. This risk lies not only in the conditions in factories manufacturing the electronic products, but also the mining of raw materials – which are often mined in conditions that may violate workers’ fundamental labour rights;
- continue to focus on responsible investing – including the way we appoint and oversee fund managers. We understand that our investment decisions could help to prevent modern slavery and human trafficking.

Approval

This statement was approved by the Board Audit and Risk Committee of Schroders Personal Wealth and signed by the CEO on 18 July 2023 and will be reviewed and updated annually.



Mark Duckworth
CEO at Schroders Personal Wealth



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