St James's Place

St. James's Place plc
Slavery and Human Trafficking Statement 2021

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (the 'Act') and sets out the steps the St. James's Place Wealth Management Group [1] ('SJP') has undertaken, and will continue to take, to ensure modern slavery or human trafficking is not taking place within our business or supply chain. We have prepared this statement based on our understanding of the definition of 'modern slavery' – a term which encapsulates slavery, servitude, forced or compulsory labour and human trafficking.

1 This statement has been made on behalf of St. James's Place plc, St. James's Place UK plc, St. James's Place Wealth Management plc, St. James's Place Unit Trust Group Limited, St. James's Place Management Services Limited, St. James's Place Investment Administration Limited, St. James's Place Partnership Services Limited and St. James's Place International plc, for the financial year ending 31 December 2021.

Our position

At SJP, we are committed to becoming a leading responsible business, which means putting responsible and sustainable decision making at the heart of everything we do. As such, we are committed to operating in a responsible and ethical manner, and ensuring the relationships we have with all our stakeholders adhere to high standards, including clients, Partners, employees, shareholders and suppliers. We will not tolerate or condone the abuse of human rights (including modern slavery) in any part of our business. We are committed to identifying and minimising the risk of slavery or human trafficking in all parts of our supply chain.

Read more in our Annual Report

Our Annual Report, which can be viewed online at **www.sjp.co.uk** includes a section titled 'Our Responsible Business' (pages 32 to 61), where we reiterate that we will not tolerate or condone the abuse of human rights, including modern slavery, in any part of our business (page 60).

Organisation structure and supply chains

SJP is a wealth management group specialising in delivering face-to-face wealth management advice to individuals, trustees and businesses; the majority of our clients are resident in the UK (approximately 98%). Our advice services are available through our Partnership, a group of professional and highly qualified advisers of which most are based in the UK (approximately 97%). Most of our employed workforce is based in the UK and Ireland (over 91%) and we also have offices in Hong Kong, Singapore and Shanghai. All our operations benefit from our in-house Human Resources and Recruitment teams who ensure employees and job applicants are treated equally and fairly and are eligible to work in their respective territories. We are an equal opportunities employer and acknowledge our obligations under the Equality Act 2010 and endorse the codes of practice relating to this legislation. We are a real Living Wage employer and encourage our suppliers to adopt the same principle or, where applicable, an overseas equivalent.

www.livingwage.org.uk

Our supply chain

Due to the nature of our business, SJP is primarily a consumer of services rather than goods and materials. Nonetheless, we are committed to being a responsible business and to manage the risks in an effective way within our supply chain. SJP has always placed reliance (and continues to do so) on the support of third-party suppliers and outsourcers. As a result, a significant proportion of our key suppliers and outsourcers have been associated with the Group for many years. These relationships are deeply engrained, with robust oversight and governance in place. As is the case with our operations and our clients, most of our supply chain is based in the UK. The provisions of the Act apply to all our suppliers, regardless of where they are headquartered, who are providing goods and services to the Group within the UK.

2 Throughout this document, the terms 'Partner' and 'Partnership' shall mean the appointed representatives of St. James's Place Wealth Management plc pursuant to section 39 of the Financial Services and Markets Act 2000, subject to such terms as are applied from time to time by St. James's Place Wealth Management plc and duly registered as appointed representatives of St. James's Place Wealth Management plc with the Financial Conduct Authority.

Policies in relation to slavery and human trafficking

- All employees receive a copy of our Code of Ethics and our equal opportunities policy, which makes it clear we oppose all forms of discrimination or victimisation.
- Our bullying and harassment policy also sets out our approach in relation to allegations of harassment and/or bullying. Harassment, in general terms, is defined as unwanted conduct affecting the dignity of people in the workplace. It may be related to age, sex, race, disability, religion, nationality or any personal characteristics of the individual and may be persistent or an isolated incident.
- A whistleblowing policy is in place that enables employees (including temporary or permanent employees, contractors, agency workers, interns and those on work experience) to raise any concerns they may have about illegal or improper behaviour by anyone connected to SJP, without fear of victimisation, discrimination or disadvantage. The independent non-executive chair of our Audit Committee is designated as the contact under the policy, providing a communications channel that is independent of employees' reporting structures. We provide annual training to employees, other workers, Partners and their support staff on the whistleblowing process and how to make a disclosure.

In addition to the above policies, we offer our employees the opportunity to seek independent and impartial advice via confidential telephone, email and/or face to-face counselling services provided through our employee assistance programme, should they wish.

Our expenses

Of our Group total expenditure by value, 57% relates to payments made to the Partnership. Our remaining expenditure relates to SJP employees (10%), material outsourcing suppliers and the independent managers of SJP funds (11%), with the balance relating to other suppliers (22%). Our spend with suppliers overseas equates to around 2% of total spend.

Our governance framework

We have implemented procurement policies which enable us to carry out our operations with third parties in line with our values and standards. The policies help us meet our regulatory obligations, and promote an internal awareness of how we expect suppliers to be managed and the legislative frameworks they should operate within.

Our procurement policies have been significantly updated to ensure we remain compliant with new regulations from various Regulators, the last of which came into force on 31 March 2022. This has resulted in combining our previous sourcing and supplier management policy and our material outsourcing policy, together this is known as the Sourcing, Outsourcing and Supplier Management policy. This policy supports those in the business with responsibility for managing third parties, both suppliers and outsourcers of indirect goods and services.

The policy covers the key stages of the procurement lifecycle from requirements definition, selection, due diligence including modern slavery, negotiation/contract award, supplier management, and exit/renew.

It describes the principles to be followed when managing suppliers of our material outsourcing arrangements and is supported by a detailed framework providing more detail to the business areas on what they need to do to be compliant with the requirements of the policy. The policy and supporting framework include our methodology for assessing the risks the third party poses to our business which informs the standards required for initial due diligence and ongoing monitoring/oversight. For our material arrangements, the result of the oversight conducted is reported to our Group Risk Executive Committee on a quarterly basis, ensuring we fulfil our strategic and regulatory obligations. The policy is reviewed on an annual basis, but the introduction of further regulation would prompt an interim review. Following Board approval of any changes, the revised policy is distributed to all those in the business with responsibility for managing third party suppliers and outsourcers arrangements.

Due diligence process

At the outset of any supplier engagement and at periodic intervals during the contractual period, we require appropriate due diligence (driven by an initial materiality assessment of the third party) to be completed. This activity facilitates the assessment of potential risks the third party might pose whilst continuing to service our clients and maintain our compliance with business, legal and regulatory requirements, including those of the Modern Slavery Act 2015.

We can assess the adequacy of a third party's processes and risk management procedures through evidential assurance and responses to a series of set questions, which cover the following:

- Basic company information, which includes country of origin and parental hierarchy
- Risk and regulatory
- Financial crime and financial assessment
- Business continuity
- Responsible Business aspects, including corporate social responsibility, modern slavery and inclusion & diversity
- Fitness and propriety
- Information security and data protection
- Sub-contractors

Our due diligence process provides insight into the third party's structure, operations, culture, approach and focus on modern slavery, including their own supply chain, human resources, supplier and customer relationships, competitive positioning and outlook. Where we identify any links to countries with an increased risk of modern day slavery we will apply additional scrutiny and challenge to the responses and evidence provided in addition to the standard due diligence requirements which requires our third parties to confirm and, where appropriate to do so, evidence compliance with all local legislation.

It requires our third parties to provide information around the activities they undertake to mitigate the risks associated with modern slavery and human trafficking. We also seek to understand where sub-outsourcers or suppliers are used by our third parties, and where appropriate request confirmation of our third parties' due diligence processes in respect of their own supply chain, or where fourth party suppliers may be used in the delivery of goods and services to SJP. We reserve the right to have direct oversight of our third parties' supply chains, where the risks posed are significant enough to warrant this. We also request information relating to our third parties' approach to the welfare of individuals who might be working within their supply chain and the steps our third parties are taking to ensure modern slavery and human trafficking is not taking place within their business operations.

Within our supply chain for facilities management services, such as cleaning, catering, maintenance, security and other services, we test the provision of services, or proposed services, through detailed cost modelling and we ensure all master services agreements and contracts include clauses requiring the minimisation of any risk of modern slavery. Any supplier response which requires further clarity is subsequently addressed to ensure we have and can assess an appropriate understanding of risk.

As well as performing due diligence at the initial stage of contracting, our third parties will undergo refreshes at intervals proportionate to the risks they pose. This provides us with continued assurance of their capabilities to meet our regulatory and legislative obligations and a signed attestation in relation to the fitness and propriety of their key personnel. We seek assurance that effective processes are in operation, their employees are of good repute, suitably qualified and experienced, as well as supported in their ongoing development to manage our account.

Evidential assurance is required in the form of the third party providing evidence of their own modern slavery statement or their own approaches and policies in respect of managing modern day slavery risks.

Risk assessment and management

The due diligence process outlined above enables us to assess the potential for any exposure to modern slavery as well as any risk across a wide range of criteria and requires review and assessment by various subject matter experts across our business structure. We use a RAG (Red, Amber, Green) system to categorise our assessment of responses. Following the review of third-party responses, the Third-Party Risk Management Team produces a report which will either confirm compliance or will identify areas of concern or those where more information is required. Risk mitigation actions are identified and agreed with the relevant business area and third party to progress and resolve. Where any third parties are scored as Amber or below, acceptance of residual risk and/or mitigations must be made by those with appropriate authority to do so. We will continue to review our existing supplier categorisation model to ensure all suppliers are risk assessed appropriately and the correct level of ongoing oversight and monitoring is in place. Should a supplier either not meet our standards and/or fail to address any mitigation actions we reserve the right to terminate the relationship.

Key Performance Indicators

Key Performance Indicators (KPIs) enable us to measure the performance of third parties of their delivery of goods and services, and inform any remedial actions required for improvement.

We are signatories to the UK Government Prompt Payment Code and also report annually to the Companies House Payment Practices and Performance.

Training on modern slavery and trafficking

In 2021, we reviewed our employee training on Modern Slavery and Human Trafficking, and agreed to:

- Share our annual Slavery and Human Trafficking Statement with all new employees as part of their induction training; and
- Introduce annual mandatory training for all employees on Slavery and Human Trafficking.

These will be delivered through new digital induction and learning platforms that are in the process of being built in our Learning & Development function, with a full module specifically aimed at this topic.

In the meantime, we continue to upskill and train employees on the company requirements in respect of these aspects through the supplier management processes. Our subject matter experts provide one to one training, support, and guidance to ensure that business owners overseeing and onboarding third parties are aware of these requirements and SJP's risk appetite with regards to them.

Fund managers

We understand that through investment decisions, financial institutions can also have a significant impact on preventing human rights abuses. Organisations whose business practices directly or indirectly violate the human rights of individuals are unacceptable investments for our fund managers. Through our approach to responsible investment, we have set minimum criteria and standards that all our fund managers must meet to work with us.

The way we select, monitor, and change fund managers is a distinctive feature of our investment proposition and has guided our business for many years. Our global research process helps us pick from the world's leading fund managers and assess their investment approach. All external fund managers must treat responsible investing as seriously as we do and adopt the high expectations we set. Before engaging a fund manager, they need to prove that they have an established code of conduct for responsible investing.

Responsible investing incorporates the consideration of a wide spectrum of Environmental, Social and Governance (ESG) issues and the effect that those factors can have on a company's long-term prospects. Responsible investing is not only about taking environmental and social responsibility; integrating ESG into our decision making also makes investment sense. We can help clients achieve financial wellbeing in a world worth living in by driving change through positive engagement and using money as a force for good. More details about our approach to responsible investing can be found **here**.

Specifically, all fund managers wishing to work with St. James's Place need to be signatories to the Principles for Responsible Investment (PRI), name an accountable individual to implement responsible investing into all investment decisions, and submit their responsible investing policy to the St. James's Place Investment Committee for review. While this ensures our fund managers have a base level of process and annual reporting on their approach to responsible investment, the PRI does also have a specific focus on modern slavery and human trafficking through their collaborative working groups and support material for investors. SJP became a signatory to the PRI in 2018 and has been awarded their highest rating of A+ for the past 4 years. 100% of our fund managers are signed up.

Having selected our fund managers, we monitor them continually through in-depth analysis, regular meetings and a rigorous annual manager assessment, which has been undertaken since 2014. These combine to ensure adherence to our expectations and the opportunity to raise standards where appropriate.

Modern slavery and human trafficking features in questions asked within this assessment, regarding how fund managers integrate social factors and risk into their decision-making process. This includes a specific request for evidence of the consideration of modern slavery into the manager's investment decision making process. Ongoing engagements with our fund managers and our use of third-party data gives a bottom-up view and additional oversight on the ESG risks within our investment portfolios. The review of modern slavery and human trafficking policies are often part of these fund manager engagements and in 2020 we further enhanced our third-party data to include supply chain standards and labour controversies.

From 2021, SJP has partnered with Robeco, an engagement specialist. Robeco supports SJP with large scale company engagement on behalf of client assets, in addition to our fund managers, which include a focus on modern slavery and human trafficking. For 2022, Robeco has introduced a specific engagement theme looking at enhanced due diligence of human rights at targeted companies within conflict-affected and high-risk areas.

Knowledge

Objectives and activities

We are committed to continual development of our approach to third party management including our approach to modern slavery risk mitigation.

We have recently updated our company standards for onboarding and oversight of third parties which has been cascaded to those responsible for managing third party relationships. This includes our requirements for managing and overseeing the risks associated with modern day slavery with suppliers. This is fully supported by the Third-Party Risk Management Team who provide advice and challenge to those responsible for third parties.

It is important to us to ensure our processes remain in line with our strategy and regulatory requirements as they evolve, therefore we will continue to undertake the following activities:

- Review the systems used in this process, to understand if these will remain appropriate over the longer term;
- Embed the new policy and processes into the business, whilst supporting the third-party business owners to understand their new roles and responsibilities;
- Enhance the systems we use for completing materiality assessments, to enable more consistency and better audit trails;
- Continue to work with our Responsible Business team to ensure our policies and processes continue to align to our Corporate Strategy in this space;
- In line with the updated policy and regulatory requirements, we are currently reviewing our KPIs to ensure they remain fit for purpose for the different stakeholders in this process; and
- Enhance our training materials for all employees to provide greater awareness.

Closing statement

Through our ongoing assessments during 2021, no modern slavery concerns were identified in our current supply chain.

Through our onboarding, due diligence and review and oversight processes, we will continue to monitor both existing and new suppliers and any emerging issues will be addressed with all parties, and if necessary escalated to Executive management.

Approval for this statement

This statement was approved by the Board of Directors of St. James's Place plc on 30 June 2022.

Craig Gentle, Chief Financial Officer

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