

SLAVERY AND HUMAN TRAFFICKING STATEMENT 2020

Introduction

This Statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 (the Act) and covers the period from 1 January 2020 to 31 December 2020. This statement sets out the measures that OSB GROUP PLC (OSBG) and its subsidiaries (the Group) have taken to combat slavery and human trafficking in our businesses and supply chains in the financial year ended 31 December 2020.

The Group is committed to tackling modern slavery throughout our business and supply chain. We continue to monitor and enhance the social and environmental impact we have and strive to ensure that anyone we do business with adheres to our principles. This Statement is made on behalf of OneSavings Bank plc, Interbay ML, Ltd, Charter Court Financial Services Limited and Exact Mortgage Experts Limited.

Our Structure and Business

OneSavings Bank plc began trading as a bank on 1 February 2011 and was admitted to the main market of the London Stock Exchange in June 2014 (OSB.L). OneSavings Bank plc joined the FTSE 250 index in June 2015. On 4 October 2019, OneSavings Bank plc acquired Charter Court Financial Services Group plc (CCFS) and its subsidiary businesses. On 30 November 2020, OSB GROUP PLC became the listed entity and holding company for the Group. It is incorporated in the UK and headquartered in Kent.

The Group provides specialist lending and retail savings and is authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Group reports under two segments, OneSavings Bank and Charter Court Financial Services.

The Group is made up of a family of specialist financial services brands, namely, Kent Reliance, InterBay Commercial, Prestige Finance, InterBay Asset Finance, Heritable Development Finance, Precise Mortgages, Charter Savings Bank and Charter Court Financial Services. These brands primarily focus on carefully selected sub-sectors of the mortgage market. The Group's specialist lending is supported by a stable retail savings franchise with 150 years of heritage with a diversification of funding across the Group provided by securitisation programmes, the Term Funding Scheme and the Bank of England Indexed Long-term Repo operation.

OSB India, which is based in Bangalore, also forms part of the Group and provides internal processing services.

The Group's Vendor Management and HR functions currently undertake all activities relating to the procurement of goods, services and labour on behalf of all Group entities.

The Group, as at 9 April 2021, has 1,765 employees, temporary workers and contractors, primarily located at its main operating centres in Chatham, Wolverhampton, London (UK) and Bangalore (India).

You can find out more about the Group in our Annual Report and Accounts. These are available online at <https://www.osb.co.uk>

Our Supply Chains

Our supply chains include around 1,375 third party suppliers of goods and services, including, but not limited to, maintenance of our premises, IT systems, software and hardware facilities, catering, recruitment and mortgage intermediaries. We have established Vendor Management, Procurement and Outsourcing policies which ensure that robust frameworks are followed in order to efficiently assess and manage potential and contracted third party relationships and compliance with regulatory obligations.

The Supplier Code of Conduct is issued at the engagement of any new relationship and on an annual basis contains provisions including:

- Workers shall not be subject to forced, prison, bonded, indentured, slave, trafficked or compulsory labour in any form.
- Workers shall not have their identity or travel permits, passports or other official documents or any other valuable items confiscated or withheld as a condition of employment.
- Workers shall be able to access and be free to file grievances to their employers about the employer's treatment of them. Workers shall not suffer detriment, retaliation, or victimisation for having raised a grievance. New and adapted procedures should be implemented if necessary.

The Group continues to comply with Financial Conduct Authority rules in SYSC 8 'Outsourcing'. This requires us to:

- take all reasonable steps to avoid undue additional operational risk; and
- take all reasonable steps to ensure that a service provider has the ability, capacity and authorisation required by law to perform the outsourced functions, services or activities reliably and professionally.

The Group also complies with the European Banking Authority (EBA) guidelines relating to outsourcing arrangements which were introduced in September 2019.

In addition, OSB India and their supply chain adhere to the Indian Labour Laws (Article 23 and 24 of the constitution of India).

Our Policies on Slavery and Human Trafficking

Over the year, no instances of modern slavery were reported through the Group's Whistleblowing processes and we continue to ensure all relevant employment policies provide direct consideration, where appropriate, of the risks associated with modern slavery. We are committed to ensuring that no modern slavery or human trafficking takes place in our supply chains or in any part of our business. The Group has robust processes in place to ensure that suppliers are paid in sufficiently reasonable timescales. Internal policies exist which aim to ensure we establish good practices and act ethically and with integrity and support us in ensuring modern slavery is not occurring in our business or supply chains.

As part of its ongoing compliance, OSB has adopted a pervasive approach in respect of its relevant policies. In 2020, a review of the policies potentially impacted by modern slavery and human trafficking was undertaken and appropriate changes were made to strengthen our operations. The Group is continuing to identify and review potentially impacted policies as it integrates its operations with CCFS. This includes:

- Group Recruitment and Selection Policy;
- Group Bullying and Harassment at Work Policy;
- Group Flexible Working Policy;
- Group Vendor Management and Outsourcing Policy;
- Group Other Leave Policy; and
- Group Work Experience Policy.

In compliance with the Act, we do not support excessive overtime and our employees in India are required to work in accordance with local legislation.

Due Diligence Processes for Slavery and Human Trafficking

The Group has identified that the largest risks to the business are its supply chain, its Indian operations and employment processes. The Group has zero tolerance for slavery and human trafficking. As part of our initiative to identify and mitigate the risk we:

- Identify and issue to certain suppliers, a Code of Conduct, documenting our expectation of compliance with modern slavery regulations. If a Vendor is issued with a Code of Conduct, the Risk Profile Assessment captures the date of issue. As the Group is still undergoing a period of integration, the issuing of the Code of Conduct will be extended to all applicable identified suppliers within the next year. OSB India also issued a Vendor Code of Conduct to all suppliers in October 2020. This statement received external Indian legal assurance.
- Ensure that provisions in our contracts with third party suppliers contain robust references to modern slavery compliance where appropriate. This includes agreements with suppliers of goods, services and employment businesses.
- Continue to enhance our ability to classify our third party services based upon the level of risk and incorporate the appropriate provisions in our contracts with them including those with Employment Businesses. Where relevant, the Group includes appropriate due diligence in the Request for Proposals (RFPs) at the tender stage of a third party engagement. The Group performs relevant checks via the OECD Watch at the onboarding stage and ongoing monitoring by way of due diligence assessments for all third parties. If any “positive” high-risk matches are identified at the pre-contractual stage, the appropriate Risk Management Committee approval is required to proceed. Should any “positive” high-risk matches be identified throughout the contractual relationship, the relevant Risk Management Committee is required to approve the continuation of the contract or initiate exit plans.

Training

We provide guidance and training to the business owners responsible for recruitment and those having responsibility for the engagement and oversight of suppliers, which highlights the risks of modern slavery and human trafficking in our supply chains and the role they play in ensuring we work with suppliers who share our principles. All Group employees are required to complete mandatory modern slavery and-human trafficking training. Across the Group, the completion rate was 99%. All employees are requested to provide feedback and a reflective statement on any mandatory training so that if there are any substantive ethical issues, remedial actions may be undertaken.

To ensure that employees are aware of the risks of modern slavery, this Statement will be shared with employees through our internal communications network and a copy will be made available on our website.

Our Effectiveness in Combating Slavery and Human Trafficking

We are committed to further developing our understanding of the issues associated with modern slavery in order to minimise the risks involved and are continuing to actively engage with our existing and new suppliers as well as further evolving our internal controls as the Group continues to integrate its policies and processes following the acquisition of CCFS.

In order to ensure our efforts are both proportionate and risk-based; we will further develop our ability to identify and differentiate between high and low risk relationships, utilising key performance indicators to measure our effectiveness and to identify any areas of potential risk at an early stage.

Responding to COVID-19

As a consequence of COVID-19, the Group has undertaken a range of measures to safeguard the health and safety of workers. The majority of its employees have been working from home including those in India. For those whose roles could not be performed adequately from home, the Group offered safe working conditions in our offices. The Group has not placed any employees on the UK Government's furlough scheme and robust recruitment and on boarding procedures are followed for all new employees and contractors. The Group has also offered mortgage payment deferrals and has launched the Coronavirus Business Interruption Loan Scheme enabling us to finance new deals for SME customers affected by COVID-19.

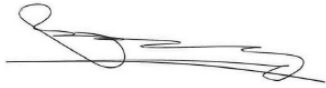
This year's Vendor Code of Conduct has been updated in alignment with Home Office Guidance in respect of the additional risks of modern slavery posed by COVID-19. The Code of Conduct outlines the conduct it expects of its suppliers during the COVID-19 pandemic. This includes an expectation of suppliers to conform with local laws, observe social distancing and ensuring workers receive statutory sick pay if a worker has to isolate. The Group also has ensured that more flexible working hours for its Sales teams have allowed intermediaries to discharge their functions at suitable times for their flexible working hours.

The Group has supported suppliers in the event their employees are working from home. The Group is currently evaluating the risks to its third party suppliers and supply chains. The Group is currently reviewing whether to vary supplier contracts and whether to extend its due diligence to sufficiently mitigate risks posed by the threats of further pandemics and the anticipated changes to supplier's employees working practices.

The Board is currently reviewing its plans to ensure that the Group is an even more operationally resilient organisation, taking into account challenges presented by the crisis, and assessing business risk due to not relying on single suppliers or geographical locations to protect the business.

This statement is reviewed annually and has been approved by the Boards of OSB GROUP PLC, OneSavings Bank plc, Interbay ML, Ltd, Charter Court Financial Services Limited and Exact Mortgage Experts Limited on 8 June 2021

Signed



Andy Golding
Chief Executive Officer
Director
OSB GROUP PLC
OneSavings Bank plc
Charter Court Financial Services Limited
Exact Mortgage Experts Limited

11 June 2021



Clive Kornitzer
Group Chief Operating Officer
Director

Interbay ML, Ltd

11 June 2021