

25 February 2021

Statement on Modern Slavery and Human Trafficking

This statement on Modern Slavery and Human Trafficking for the year ended 31 March 2021 sets out the steps that ICBC Standard Bank Plc has taken to tackle modern slavery (as defined in the Modern Slavery Act 2015 (the "Act")) in our business and supply chains.

Our Business

ICBC Standard Bank Plc ("ICBCS" or "we") is a leading financial markets and commodities bank. We provide our clients with specialist knowledge and expertise to develop and grow their investments across the globe. We are a strategic platform for serving our clients in global markets products, as well as distributing emerging and frontier market risk. We specialize in global commodities, fixed income, and currencies. We are headquartered in London, with additional operations in Singapore and New York. We also maintain a commodities trading presence in Shanghai through our subsidiary, ICBC Standard Resources (China) Limited.

We are committed to conducting our business in accordance with the legal and regulatory requirements of the jurisdictions where we operate. In particular, we are dedicated to upholding the highest level of integrity. We do not tolerate slavery, forced labour, child labour, or human trafficking in any form and will never knowingly be party to any activity that would violate the modern slavery laws, rules and requirements that apply to us.

Our Values

We have in place a *Corporate Social Responsibility ("CSR") Programme*. The four pillars that underpin our CSR model are environment, society, our people and ethics. Modern slavery is viewed in the context of society, our people and ethics. Two of our key values, "integrity" and "openness", are particularly relevant to combatting modern slavery:

Integrity: we are committed to undertaking the right business in the right way and to act with respect, transparency and honesty.

Openness: we are an open and inclusive organisation committed to the principle of equal opportunities and to creating a working environment where everyone is treated with dignity and respect. This includes our employees, contractors, clients, advisors and suppliers. We value and promote diversity, and strive to treat all individuals with dignity and respect.

These values underpin our position against modern slavery.

Our Framework against Modern Slavery

Our *Anti-Modern Slavery Framework* is supported by policies, procedures, systems and controls to address Modern Slavery risk within our business. We ensure anti-modern slavery principles are incorporated in our internal policies and procedures. Our *Anti-Modern Slavery Policy* addresses modern slavery risk in respect of all of our business relationships including our workforce, suppliers, clients and third parties.

Our policy on dealing with third parties (our vendors, suppliers and service providers) is not to enter into or renew an engagement with a third party unless we are satisfied that the third party is within our financial crime risk appetite. Our *Financial Crime Risk Appetite Statement* states that we do not employ staff contrary to the requirements of the Act; nor do we enter into business relationships with vendors, suppliers, or service providers who operate in contravention of anti-modern slavery principles. We consider adverse news related to concerns of modern slavery (or any other financial crime) when determining whether we will establish or continue a business relationship with a third party.

We have a *Responsible Sourcing of Precious Metals Policy and Procedure* setting out our requirements for responsible practice in sourcing precious metals (gold, silver, platinum, palladium and rhodium). Our policy is to ensure we source physical precious metals from legitimate and ethical sources and deal only with parties operating in the precious metals supply chain that take a responsible approach to sourcing precious

metals. We do not tolerate and will not knowingly do business with any party who engages in slavery, forced labour, child labour or human trafficking.

In line with our *Responsible Sourcing of Precious Metals Policy and Procedure*, we are continuously engaging with industry stakeholders to inform and establish best practices, including, for example, the London Metals Exchange's ("LME") initiative around base metals responsible sourcing requirements.

Supply Chains

To protect against modern slavery risk in our business relationships, we conduct third party and supply chain due diligence before commencement and ongoing monitoring throughout the course of the relationship. All third parties are subject to the requirements of our *Third Party Risk Management Framework*. Third parties that provide goods or services directly to, for, or on behalf of ICBCS are subject to financial crime risk rating, due diligence, approval, contracting, management and control processes.

All third parties are given a copy of our [Conduct Declaration for Third Parties](#) (the "Conduct Declaration"). This explicitly requires third parties – including suppliers – to comply with all applicable laws and regulations in the jurisdictions, countries and regions where they conduct business. In particular, we expressly state that third parties must not employ forced or child labour, they must have internal controls in place to minimise health and safety risks, and they must adequately compensate employees.

We expect our third parties to have fully implemented policies and procedures designed to prevent slavery, servitude, forced labour, human trafficking or similar practices from occurring in their business or any of their supply chains.

We reserve the right to terminate the relationship if we find that a third party has failed to comply with the principles and expectations set out in our Conduct Declaration.

We want to work with suppliers to build positive partnerships that reflect and support our CSR policies and culture and ensure that our suppliers look after the wellbeing of their people, making sure they are safe and well and appropriately cared for. It is important to us that our suppliers promote an environment in which their employees are valued and respected.

In 2020 we conducted a desktop assessment of modern slavery risk in relation to the Bank's supply chain. In this assessment, we considered the location of our suppliers and the nature of the service provided. We then classified the risk as high, medium, or low, taking into account service category and geographic risk and whether the risk is direct or indirect. Direct risk is where there is a provision of services or goods directly to the Bank, while indirect risk is where goods or services are carried out by a subcontractor of a vendor.

In our [Responsible Sourcing of Precious Metals Declaration](#) we recognise as best practice the World Gold Council Conflict Free Gold Standard, the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (and associated Gold Supplement) as set out by the Organisation for Economic Cooperation and Development ("OECD"), and the LBMA's Responsible Gold Guidance and Responsible Silver Guidance. We also recognise as best practice the principles set out in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502, regarding specified Conflict Affected Countries.

We are aware of the inherent risks in trading physical precious metals. We therefore seek to ensure that we procure such precious metals from legitimate and ethical sources and deal only with bona fide parties who take an ethical approach to their responsible sourcing. We do not tolerate, contribute to, assist or facilitate: war crimes and other armed conflict, including contributing to such conflict or direct or indirect support of armed militia; terrorism or terrorist financing; human rights abuses, including child labour; money laundering; corruption, bribery or fraud; sanctions transgressions; the facilitation of tax evasion; or mining operations in violation of environmental regulations.

We are a member of the LBMA and the LME, which actively support initiatives to encourage responsible sourcing of metals.

During 2021 we will continue our work in assessing and managing the risks associated with our supply chain.

Due Diligence

Due diligence is an important tool to ensure we know and understand our clients and third parties and their businesses. Employing a risk-based approach, we perform enhanced due diligence on clients and third parties presenting heightened financial crime risk, including modern slavery. The geopolitical and industry risks associated with a client or third party are some of the risk factors determining the level of due diligence conducted.

Bespoke due diligence questionnaires and risk assessments help us accurately and comprehensively identify and assess the risks (and perceived risks) threatening the Bank. Any transactions that suggest forced labour, slavery, or other forms of exploitation are escalated to a senior governance committee responsible for independently assessing and approving transactions,

Critically, all relationships deemed high risk from a financial crime perspective are approved by senior management. All high risk relationships are subject to ongoing monitoring and periodic review. Where ongoing monitoring identifies material adverse news, financial crime or modern slavery indicators, the Bank will launch a trigger event review to assess the risk. To that end, in 2020, we carried out due diligence checks on 288 of our high risk clients and 37 of our high risk third parties.

Risk Assessment and Measuring Effectiveness

Consideration of Modern slavery risk forms part of our product risk rating methodology which in turn feeds into our client risk rating methodology. Modern slavery risk is therefore considered when the Bank enters into any new client relationship or when there is a new product offering to existing clients.

We employ a risk based approach in assessing financial crime risks, including assessing modern slavery risk. Factors taken into account include the types of services or goods, where the services will be performed, where the party is based, adverse news reports and any other financial crime related red flags. This enables us to identify those clients or third parties carrying heightened financial crime risk.

In 2020 we conducted a global assessment of financial crime risk which provided senior management with a consolidated view of the risks our bank faces across money laundering, terrorist financing, sanctions, bribery, corruption, fraud and modern slavery. This assessment also examined the effectiveness of controls in place. Our residual modern slavery risk was assessed to be insignificant.

We have embedded controls where modern slavery risks are present (e.g. client and third party on-boarding process and staff on-boarding). Effectiveness of financial crime related controls is tested on a regular basis as part of our internal assurance programme.

We acknowledge that physical commodities present a more complex risk profile compared to other business lines, which increases modern slavery risk for the Bank. Our controls framework is kept under constant review to identify opportunities for enhancement. By way of example, in 2020 we developed a custom lexicon that will be used to monitor for indicators of modern slavery across our communications surveillance programme. This enhancement enables the Bank to better spot potential concerns in relation to our counterparties and our business activity.

The Covid-19 pandemic has posed many challenges for our clients, third parties and staff members. Client and vendor visits are an important part of our risk assessment and due diligence process; however, due to Covid-19 related travel restrictions, we were unable to visit some of our counterparties in 2020. Once travel restrictions lift and it is safe for our staff to do so, we intend to resume client visits, prioritising those counterparties which present a high risk of financial crime, and where relevant, modern slavery.

Training and awareness

All new staff (including temporary workers and contractors) must complete training on money laundering, bribery, corruption, sanctions, fraud, tax evasion (including facilitation of tax evasion), and modern slavery. Existing employees must complete an annual financial crime prevention knowledge test and retrain if a satisfactory result is not achieved.

New staff members are also required to attend face-to-face Compliance training, at which they are informed that we uphold the highest ethical and business standards. This Compliance training explains what modern slavery is, how it relates to our business and what we do to prevent modern slavery. In 2020, the majority of our staff members were working from home due to the Covid-19 pandemic. In instances where we were unable to deliver face-to-face training, Compliance training was delivered virtually.

The Bank also runs regular training for its staff members on issues such as inclusion and diversity.

Staff members are reminded of their duty to report any knowledge or suspicion of financial crime, including modern slavery, to our Money Laundering Reporting Officer. Our Compliance department also delivers bespoke training to raise awareness around financial crime prevention and risk management.

Our workforce has access to a whistleblowing service, provided by an external and independent company, which provides a confidential and secure mechanism to report concerns.

Our Continuing Commitment

We will continue to engage with our staff, clients and third parties to ensure modern slavery and human trafficking are not taking place in our business and our supply chain.

This *Statement on Modern Slavery and Human Trafficking* for the year ended 31 March 2021 has been approved by the Board of Directors of ICBC Standard Bank PLC on 25 February 2021.



Wenbin Wang

Chief Executive Officer and a member of the Board of Directors of ICBC Standard Bank PLC