Modern Slavery and Human Trafficking Statement

1. Basis of this statement

This statement is published voluntarily. The Modern Slavery Act 2015 requires a statement for commercial organisations that do business in the UK and turn over more than £36 million per year. Our turnover is below that threshold, so we are not currently subject to the legal obligation.

Nonetheless, we are publishing this statement because we strongly support the Act's objectives and the agricultural sector remains a sector with an elevated risk of labour exploitation. As a specialist lender to British farming, we believe a clear public position on modern slavery is part of being a responsible lender and consistent with our own ethical standards, rather than something to be done only when the law requires it.

2. Our organisation

We are a UK-based lender providing secured lending to farming and rural businesses in England, Wales and Scotland. All our people are based in Great Britain and we do not have overseas operations or overseas employees.

3. Our commitment

We do not tolerate modern slavery, forced labour or human trafficking in any part of our business, our supply chain, or (to the extent it lies within our influence) the businesses we lend to.

This commitment equally applies to how we treat our own staff, how we select and manage suppliers, and how we assess and monitor our lending relationships.

4. Our supply chain

Our own supply chain is small and low risk. We buy mainly professional and business services, such as core banking software, IT and cloud services, legal, audit, credit reference and other professional services almost entirely from established UK-based providers. We do not procure physical goods, manufactured products or agricultural produce, and we have no tier-two or tier-three supply chain exposure of the kind seen in sectors such as retail, food production or manufacturing.

Where we do enter into new supplier relationships, we take reasonable steps to satisfy ourselves that suppliers are reputable UK or low-risk-jurisdiction businesses, and we expect them to comply with all applicable employment, environmental, animal welfare, labour and modern slavery law.

5. Our lending relationships

The area of greatest inherent risk in our business is our borrowers. Agriculture and horticulture are sectors that the Home Office, the former Gangmasters and Labour Abuse Authority, and its successor body, the Fair Work Agency, have consistently identified as being at higher risk of labour exploitation. This is particularly true for those that rely on seasonal, casual or migrant labour supplied via third-party providers or gangmasters. However, we need to recognise that some of our borrowers legitimately and reasonably need to access this form of labour.

We are a lender. We are not an employer, operator or investor in our borrowers' businesses. We do not direct their staffing, employ their workers, or have visibility of, or legal authority over, their day-to-day labour practices. Our lending relationship does not create a legal obligation for a borrower's compliance with employment or modern slavery legislation, and this statement should not be read as such an assurance.

However, we consider good labour standards to be an important indicator of a responsible, well-managed business and hence, one that we are prepared to lend to. What we do is proportionate, risk-based due diligence consistent with our role as a responsible and ethical lender:

- Normal KYC and business checks on all borrowers at onboarding, including checks on directors, beneficial owners and business activities and most importantly, a physical site visit prior to releasing any funds.
- Where a borrower's business model depends on third-party labour providers, a check of whether relevant providers hold a valid gangmaster licence (a legal requirement in agriculture, horticulture, shellfish gathering and food processing/packaging under the Gangmasters (Licensing) Act 2004, now administered by the Fair Work Agency).
- Loan documentation requires borrowers to comply with applicable law, including employment and modern slavery legislation, and that gives us the right to make further enquiries, or to decline, suspend or withdraw facilities, where we have credible concerns.
- Staff training so that our staff recognise common indicators of labour exploitation and know how to escalate concerns internally.
- An internal escalation route so that any concern raised by staff, a borrower's workers, or a third party about a specific borrower is reviewed and reported as appropriate.

Where concerns appear credible, we may make further enquiries, seek specialist advice, report to the relevant authority, or consider whether continuing to lend is consistent with our risk appetite and ethical standards.

It needs to be clear that what we do is monitoring, not policing: we do not audit borrowers' labour practices on site, and we cannot guarantee that exploitation does not occur within a borrower's business. As such, our aim is to use the leverage we have when onboarding a borrower, through loan terms, and through ongoing relationship management, to reduce risk and act should we become aware of a problem.

6. Due diligence, training and governance

Modern slavery awareness forms part of induction for new staff and is refreshed periodically for existing staff, with particular focus for relationship managers, credit and onboarding teams on recognising warning signs in both suppliers and borrowers.

Staff are encouraged to raise concerns through our whistleblowing policy at the earliest possible stage.

7. Risk assessment

We assess our exposure to modern slavery risk across the three areas of our business where it could arise. Our conclusions, and the controls we apply, are summarised below.

Area	Inherent risk	Why	How we manage it
Our workforce	Low	Small, skilled, office-based team, all directly employed in Great Britain. No use of agency, seasonal or outsourced labour.	Direct employment on written contracts; whistleblowing policy; modern slavery awareness training at induction and periodically thereafter.
Our supply chain	Low	Professional and business services bought almost entirely from	Reasonable checks on new suppliers; expectation of compliance with

Area	Inherent risk	Why	How we manage it
		established UK-based providers. No procurement of physical goods or agricultural produce, and no tier-two or tier-three exposure.	employment, labour and modern slavery law; concentration on reputable UK and low-risk-jurisdiction providers.
Our borrowers	Higher	Agriculture and horticulture are recognised by the Home Office and the Fair Work Agency as at higher risk of labour exploitation, particularly where seasonal or migrant labour is supplied through third-party providers.	KYC and beneficial-ownership checks; a physical site visit before funds are released; licence checks where borrowers rely on third-party labour; legal compliance obligations in our loan documentation; staff trained to spot indicators; a defined escalation and reporting route.

We keep this assessment under review as our lending book grows and as guidance from the Fair Work Agency and the Home Office evolves. The higher inherent risk in our borrower base is the reason this statement exists; the controls above reduce that risk but, as section 5 makes clear, cannot eliminate it.

8. Review

We will review and, where appropriate, update this statement annually, or sooner if our business, our lending book, or our understanding of risk in the agricultural sector changes materially.

This policy is owned by UK Agricultural Finance’s CEO.