

Ethics Policy

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Chief Executive Welcome

As a mutual organisation, we were established over 150 years ago to deliver a positive social impact by helping working people to save, and by pooling these savings together, to buy a home of their own. Our commitment to doing the right thing for our customers, colleagues and our wider society continues today.

Yorkshire Building Society ¹ (YBS) exists to provide real help with real life. Our organisational values to be Personal, Passionate and Trustworthy enable us to put Customers at our Heart. These values underpin everything we do; the way we operate our business, treat our customers and work with our colleagues. For this reason we have defined our ethical principles around these values so that they too are embedded throughout the organisation.

Our Ethics Policy clearly outlines the principles which we as an organisation aspire to live by and defines the monitoring structures in place to ensure YBS maintains the high standards we set out to achieve. When we work with other organisations we will endeavour to work with those that share similar ethical principles as outlined in this policy. Our policy also enables us to drive continual change to ensure we continue to build trust with our stakeholders.

A number of YBS policies support our Ethics Policy. Those that do not contain sensitive information are available to view at ybs.co.uk/policies.

Thank you,

Mike Regnier

¹ References to Yorkshire Building or YBS refer to Yorkshire Building Society, the trading names under which it operates (Chelsea Building Society, the Chelsea, Norwich & Peterborough Building Society, N&P and Egg) and its subsidiary companies.

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1. Principle 1: We put customers at the heart of our decision making.

We seek to deliver tailored outcomes for all our customers and place great emphasis on treating them fairly and with respect.

1.1 We adopt a responsible approach to the products and services we provide

With customers at our heart, we provide products and services based upon the customers' identified needs, circumstances and priorities, as detailed in our Sales Policy.

YBS will only design, distribute and provide products and services that meet regulatory requirements and that we have the appropriate organisational capabilities to compliantly distribute and operate, as outlined in our Product and Distribution Governance Policy. We lend money responsibly, enabling customers to only borrow what we believe they can afford. This approach benefits YBS and its members, and is an important characteristic of being a mutual organisation.

1.2 We communicate with our customers in a clear, fair and non-misleading way

We believe that personal, timely and understandable communication is fundamental to deliver the best outcome for customers and maintain trust in YBS. This aligns to our internal value to place Customers at our Heart, as well as to regulatory requirements relating to customers' best interests.

We communicate with colleagues in an open, honest and timely manner about key matters that affect them and our customers. This ensures our colleagues are informed and allows them to be able to communicate clearly, quickly and efficiently with our customers.

We offer all our customers a regular review of the products and services they have, either when they get in touch or through proactive customer contact, where it is right to do so. This means we can help customers assess whether the products and services they have purchased continue to meet their requirements. Where appropriate, we also involve customers in the design and improvement of products and services through our member panel.

We clearly promote our products and services, and have in place fair and transparent charging structures. We adhere to all relevant UK laws and regulations and ensure communications remove complexity and are not misleading to the customer. Our Financial Promotions Policy provides more information.

1.3 We have flexibility within our procedures so that we can treat customers as individuals

We recognise the importance of treating customers as individuals and understand that their needs will change over time. As a result, we enable our colleagues to be flexible in their approach by providing a framework that empowers them to use their discretion with customers when it is appropriate to do so. This enables us to support our customers when they truly need us and treat them in a fair and personal way.

All our colleagues are trained to identify customers who may be in a vulnerable situation and to support these customers with additional care or sensitivity. Where it is appropriate to do so, this may involve providing additional assistance to ensure they have access to the level of information and support required and receive fair outcomes.

1.4 We keep our customers' information safe and secure

Data security and privacy are important to all our customers and colleagues. Handling personal and sensitive information appropriately and keeping it safe from accidental or intentional loss, disclosure or misuse is not only central to ensuring we maintain the trust of our customers, but also a legal requirement. YBS takes these issues very seriously and has a number of controls in place including annual mandatory training for all colleagues.

Our Information Security and Information Management Policies articulate how we support this commitment.

2. Principle 2: We treat our colleagues in a transparent and personal way.

Our colleagues are our greatest asset and we recognise the need to treat them as individuals, with decency and respect. We invest in their professional and personal needs to enable them to bring the YBS values to life.

2.1 We ensure we have competitive and flexible reward and recognition practices

We want all our colleagues to feel valued and recognised for the contribution they make to YBS. That's why we always aim to offer a competitive level of pay and ensure all our employees, apprentices and contractors are paid at or above the UK's Real Living Wage. We choose not to operate zero hours contracts, which makes sure that our colleagues have a regular income that they can plan their lives around.

Our approach to colleague pay is designed to reflect YBS values and is outlined in our Remuneration Policy, which is put to a member vote every three years. In setting our Remuneration Policy we receive professional internal and independent external advice and we constantly scrutinise comparative levels and external benchmarks. We use the same annual pay review method for all colleagues, whatever level they are in the business, and no individual is involved in setting his or her own pay.

Our colleagues are eligible to receive an annual bonus which rewards behaviours that are in line with our values and help us to achieve our goals. These payments are linked to YBS performance against targets and all senior leadership team members' bonuses are subject to a period of deferral to prevent any undue risk taking. We also have a wider benefits package, 'My Benefits' which provides colleagues with the opportunity to choose benefits that are right for them.

We recognise the power of simply saying thank you when colleagues have delivered great service and support. As a result we have in place a range of recognition schemes to help colleagues thank each other in a personal way - from a simple thank you card to our annual awards dinner.

2.2 We always support our colleagues' wellbeing

It is important that our colleagues work in a safe environment. We adhere to the Health & Safety at Work Act 1974 and other identified English and Scottish safety and fire regulations and are ISO 45001 certified, which is an international standard for Occupational Health and Safety management.

We have in place a Fire, Health and Safety Policy and colleagues are frequently reminded of their responsibilities to themselves and to others. We empower all employees to constructively challenge unsafe behaviours when they see them and to use equipment and processes intended to prevent them and others coming to harm.

We recognise the importance of supporting our colleagues' mental, physical and financial health. We have invested in a wellbeing programme that focuses on both aiming to help our colleagues stay well and supporting them when they're not.

We offer all colleagues access to a healthcare cash plan to assist with day-to-day costs of medical care. We have an online mental health tool which all colleagues can access when they need additional support. Through partnerships with organisations such as Mental Health Foundation and Nuffield we raise awareness of wellbeing across our organisation. We provide mental health training to our managers and are proud to have signed the Time to Change Employer Pledge as confirmation of what we've done so far and to demonstrate our commitment to the wellbeing of all of our colleagues.

2.3 We invest in our colleagues' ongoing training and development

We have invested in a learning and development centre to facilitate continuous professional development across YBS which starts with a formalised induction programme for every new starter.

All colleagues undertake an annual programme of mandatory learning on key subjects, such as data security and protecting vulnerable customers, to ensure the knowledge of our colleagues is maintained and limit risks to our customers. Alongside this, colleagues also have access to a library of learning tools both in a classroom setting and online.

We are proud to offer apprenticeships within our Head Offices and Branch Network. We also offer the opportunity of financial support for professional qualifications to improve colleagues' knowledge and we provide secondments to new roles to support colleague development.

2.4 We champion a collaborative and inclusive culture in our workplace

We aspire to develop a culture where diversity and inclusion are more than just words - they are fundamental values embedded in our attitudes and actions. We believe the diverse voices of our colleague should be celebrated, as it is the unique experiences and contributions of each colleague that connects us closer to our members and the communities we serve.

In addition to this, we adhere to all UK employment law and regulation, including the Human Rights Act, Modern Slavery Act, the Equality Act and Gender Pay Gap Reporting. We are committed to making sure there's no unjustified discrimination in the recruitment, retention, training and development of colleagues on the basis of age, disability, gender including transgender, sex, marital status including civil partnerships, pregnancy and maternity, race/ethnicity, religion and belief, sexual orientation, trade union activity or membership, work pattern or on any other factors which are irrelevant to decision-making. All complaints of discrimination are investigated and further steps taken where appropriate.

To deliver our Diversity and Inclusion commitments we will continue to work with the National Centre for Diversity and offer an education programme with a suite of learning tools and best

practices tailored to different roles. We share best practice externally through the UK Top 50 Inclusive Companies, the 'Bradford for Everyone' initiative and the Building Societies Association.

We recognise the importance and benefits of a collective bargaining process. We have nurtured a strong working relationship with Aegis the Union, which YBS colleagues are able to join and who have sole negotiating and consultancy rights with YBS. They offer support to colleagues by providing specialist advice on employment issues, representation at formal meetings and information about Unionlearn - a Government-funded learning programme.

Our Inclusion Policy Guide provides further information on this.

2.5 When reorganisations can't be avoided we manage them responsibly

We understand that reorganisations can be unsettling for colleagues. They are, however, essential for businesses to maintain long-term sustainability and ensure they can grow and adapt to the changing demands and needs of customers. When going through any necessary restructure we communicate with all impacted colleagues in a timely and sensitive way. We commit to making as few redundancies as possible, endeavouring to find suitable alternative roles within the organisation. Where this isn't possible, we support colleagues to find a position externally.

3. Principle 3: We conduct our business responsibly and in a way that builds trust.

We have a number of policies in place which set out how YBS, including each and every one of our colleagues, behave ethically and conduct business responsibly. This is essential to deliver excellent customer service and to build and maintain trust.

3.1 We maintain regulatory compliance and accountability

Our policies and controls align all our activities with UK laws and regulations, and treating customers fairly. These policies and the supporting processes are subject to thorough assessment, challenge and review. We also formally monitor whether we are complying with these policies.

'Our Trust Code', follows a regulatory framework given to all providers of financial services called the 'Regulatory Framework for Individuals' and is compliant with UK regulation. It incorporates the principles of honesty, integrity and fair treatment of our customers. All our colleagues receive annual training on Our Trust Code and what this means for them as individuals.

We take steps to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business. Our statement on modern slavery can be found at ybs.co.uk/your-society.

3.2 We have a number of measures to prevent and detect illegal and unethical business practices Anti-Bribery and Corruption

Anti-Bribery & Corruption is covered in our Financial Crime Policy which is fundamental to our core value of trust. This is supported by a dedicated learning programme which all colleagues undertake annually to ensure they are aware of their responsibilities and the 'red flags' they should identify.

We also require colleagues to record any gifts and hospitality offered and received and these are reviewed regularly.

Money Laundering and Terrorist Financing

We have a number of controls in place including a Financial Crime Policy and a dedicated learning programme which all colleagues undertake annually to ensure they are aware of their responsibilities and the 'red flags' they should identify.

Mis-Selling or Profiteering

We provide training to ensure our colleagues only sell products and services to those customers who have requested and have a need for them. YBS has appropriate quality assurance processes to detect and address any instances of mis-selling, profiteering from customer inertia and cross-subsidising products.

Our Sales Policy, Financial Promotions Policy and Product & Distribution Governance Policy provide further information on this.

Whistleblowing

We make it easy for colleagues to share any concerns they may have through our confidential process, as outlined in our Whistleblowing Policy. The Policy ensures that all concerns are taken seriously and investigated appropriately. It protects the colleague raising the concern from risk of criticism, losing their job or suffering any form of retribution as a result. We do not tolerate the harassment or victimisation of anyone raising a concern and any such behaviour would be viewed as a serious disciplinary matter. All our colleagues receive annual training on our Whistleblowing Policy.

3.3 We carefully select the businesses we work with

We want to work with organisations which share similar ethical principles to YBS. We are implementing additional checks within our procurement and contract renewal processes, where we will ask our potential and existing suppliers, product providers and clients more information on key factors such as regulatory compliance, adherence and commitment to employment laws and societal impacts. When fully defined and implemented it is our intention to work only with organisations which meet our minimum ethical standards, or demonstrate a willingness to make changes.

Our Supply Chain Management Policy provides further information on this.

3.4 We treat our suppliers, product providers and clients with respect

Just as we would our customers and colleagues, we treat our suppliers, product providers and clients with respect. We pay our suppliers according to agreed payment terms, otherwise in line with YBS standard payment terms. We adhere to Service Level Agreements for all our clients and ensure the fees we charge are transparent and competitive.

3.5 We encourage members to vote on relevant key YBS decisions

When a customer saves or takes out a mortgage with Yorkshire Building Society, they also become a member of YBS. As a building society, we do not have external shareholders instead it's our members who are the owners of our Society. This means they are at the heart of all the decisions we make. We encourage members to share their views by voting on certain decision that affect the way the Society is run at our Annual General Meeting (AGM).

4. Principle 4: We passionately believe in doing the right thing.

We gain customers' trust not only from conducting our business responsibly, but also through our passion for doing the right thing. We continually strive to uphold high standards.

4.1 We make a positive impact on the communities we work in

As a mutual organisation we have a long heritage of making a positive difference to the communities where our members and colleagues live and work. We are committed to going the extra mile to provide real help with real lives.

Through our volunteering programme, our charity partnership and the Yorkshire Building Society Charitable Foundation, we deliver educational programmes to improve employability and financial literacy, provide life-changing support to people in the most challenging situations and meaningfully engage with our local communities to enable them to thrive and prosper.

Our employee volunteering programme gives each employee up to 31 hours leave every year to share their skills and take part in voluntary or charitable activities in their local community.

More details can be found at <https://www.ybs.co.uk/your-society>.

4.2 We minimise our impact on the environment

We understand our responsibility to be respectful of our planet and seek to continuously reduce our environmental footprint.

At an organisational level we evaluate our business activities with systems in place to measure and monitor our performance. We comply with relevant legislation and set annual targets to reduce energy use and address any significant environmental impacts that have been identified. Examples of initiatives include installing solar panels, replacing old systems with energy efficient alternatives and installing remote energy management control systems. In order to achieve net zero carbon emissions, we also purchase our electricity from renewable sources and buy carbon offsets. We have been CarbonNeutral® certified since 2016, in line with the carbon neutral protocol.

At an individual colleague level we raise awareness of environmental matters through ongoing campaigns, particularly around travel and waste. All colleagues are encouraged to use tele and video conferencing facilities which are available at our office sites. We ensure colleagues have the facilities in place to reduce the amount of waste we generate, and dispose of waste in a legally compliant and environmentally responsible manner. We also encourage colleagues to join our Lift Share scheme and Cycle to Work scheme.

Our Energy and Environment Policy provide further information on this and more details can also be found at <https://www.ybs.co.uk/your-society>.

4.3 We only conduct lobbying when it is in the long term benefit of our members

We engage with government, devolved and local authorities, and relevant national and international institutions and campaign on issues that would directly benefit our customers, defend the principles of mutuality or ensure our long-term financial security.

We make evidence-based, practical proposals for consideration by policy makers and the wider public, whilst remaining politically neutral and working on a fair and impartial basis. YBS' public affairs practitioners are covered by the UK Lobbying Register and the Scottish Parliament Lobbying Register. We work with an external public affairs agency which is a member of the PRCA and covered by the Register of Consultant Lobbyists.

4.4 We communicate transparently about all our activities

Transparency is an important factor to building trust, so we ensure our governance arrangements, reports and policies are clearly outlined.

Governance Arrangements

Good corporate governance is essential to our success and transparency provides stakeholders with confidence and trust in the leadership of YBS. We have clear and transparent governance arrangements, with independent non-executive directors and a non-executive Chairman. The Board undertakes a formal review of its performance, that of its Committees and individual directors on an annual basis and seeks to complete an external review of its effectiveness every three years. The Board's terms of reference are published at [ybs.co.uk/your-society](https://www.ybs.co.uk/your-society).

Annual Reporting

We publish YBS' annual results alongside our annual report, in line with required standards set by the Financial Reporting Council, at <https://www.ybs.co.uk/your-society/financial-results/index.html>.

For the first time, this document brings together our financial and commercial performance and our societal impact performance. Our 2019 Annual Report & Accounts marks the start in our move towards reporting our results in a more integrated way, and we plan to build on this over the next couple of years.

Policies

This Ethics Policy, alongside relevant policies (where they do not contain sensitive information), are published on [ybs.co.uk/policies](https://www.ybs.co.uk/policies).

Regulators

Open and honest communication with our Regulators is a key requirement placed on all financial services organisations. At YBS we proactively communicate with our Regulators to ensure that we maintain our excellent working relationship with them and take all reasonable steps to ensure our communications with Regulators are timely and clear.

When, with hindsight, we realise that we haven't conducted business in a responsible way, we will ensure that we rectify the situation, including full and timely compensation where appropriate.

5. Ownership & Accountability

Ethical conduct is central to the culture at YBS and enables us to fulfil our purpose of providing Real Help with Real Life. This Policy is published both internally on YBS' intranet and externally on our website.

The ethical principles outlined in sections 1-4 of this Policy are reflected in all relevant YBS policies and processes. Where appropriate to do so, these policies will also detail how each business area achieves compliance, the level and type of assurance activities that will be undertaken to identify any instances of non-adherence or non-compliance.

Chief Officers and Directors are responsible for the adherence to, and effectiveness of, the Policy. They will manage any required changes to current working practices, ensuring the policies and procedures they have ownership for are aligned to the principles set out in this Policy.

Chief Officers and Directors will also ensure colleagues in their area are aware of their requirements and duties as part of this Ethics Policy and all relating policies.

The Ethics Policy applies to our employees and contingent workers, and each of our brands and subsidiaries, including: Yorkshire Building Society, Chelsea Building Society, Norwich & Peterborough Building Society, Accord Mortgages Limited, YBS Share Plans and Egg. All YBS colleagues must adhere to the requirements and duties placed upon them by this Policy and all relating policies.

6. Approval

This Policy has been reviewed by the Executive Risk Committee prior to submission to YBS Board for approval. The Policy will be formally reviewed by the Board annually.

7. Roles & Responsibilities

R = Responsible: The colleague who does the work.

A = Accountable: The colleague who signs off the activity being completed. Note, each column needs an "A".

C = Consulted: Anyone who should be involved in discussions and whose views should be listened to, prior to a decision being made and/or the task being completed.

I = Informed: Anyone who must be told when a decision is made or work is completed.

Who	Develop & maintain policy	Communicate the policy	Monitor adherence to policy	Manage policy dispensations	Endorse the policy	Gain policy approval
Policy Owner	R	R	R	R		R
Policy Sponsor	A	A	A	A	R	A
Chief Officers and Directors	C	R	C		A	C
All Colleagues (including contingent workers)	I	I	I			I
Project & BAU Change (Sponsors, Managers and Business SME's)	C	R	C			C
Internal Communications	I	C	I			I
Procurement	C	I	I			C
Supply Relationship Management	C	I	I			C

Policy Owner

The Policy Owner is responsible for:

- Writing the Policy document and ensuring that it remains up to date at all times
- Reviewing the Policy periodically and in the event of any significant change (e.g. legislative, regulatory, organisational, operational etc.)
- Seeking approval / re-approval from the Policy Sponsor and the relevant governance committee
- Communicating the Policy to all affected colleagues, ensuring that adequate supporting training is developed and delivered as required
- Monitoring the application of the Policy and escalating to the Policy Sponsor and the Executive Risk Committee any breach in Policy

Policy Sponsor

The Policy Sponsor is accountable for all aspects of the policy and responsible for:

- Providing direction to the Policy Owner as required

- Supporting the Policy Owner in discharging their responsibilities, specifically ensuring sufficient investment is made available to enable implementation and monitoring of Policy adherence
- Endorsing the Policy prior to it being submitted to the relevant governance committee for approval

8. Variations

No exceptions to this Policy will be allowed.

9. Non-Compliance

Ethical conduct and integrity is central to delivering our purpose of providing Real Help with Real Life. We operate our business in a sustainable and responsible way and ensure all our colleagues behave to the highest ethical standards. This, in turn, allows us to serve the needs of UK households, local businesses, communities and our colleagues.

Breaches of this Policy should be considered as serious and colleagues should report anything they consider to be unethical through the existing procedures. These include:

- Using the regulatory breaches process
- Raising the matter directly to the People Risk Team or the Compliance & Oversight Regulatory Strategy & Change Team
- Raising their concerns using YBS' Whistleblowing Policy

A breach of our Ethics Policy may also be a breach of other internal policies, procedures and processes. All potential or actual breaches of this Policy will be thoroughly investigated and may result in action being taken against an employee through our Disciplinary Policy or in concerns being raised with a supplier.

10. Version Control

Version	Status	Approved by	Date Approved
V0.1	Published	YBS Board	31/01/2018
V0.2	Published	Chief Strategy & Digital Officer	15/08/2018
V0.3	Published	YBS Board	30/01/2019
V0.4	Published	YBS Board	30/01/2020
V0.5	Published	Chief Strategy & Digital Officer	26/03/2020

Appendix 1: Impacted Policies

Anti-Bribery & Corruption Policy

Environment Policy

Financial Crime Policy

Financial Promotions Policy

Fire, Health & Safety Policy

Sales Policy

Information Management Policy

Information Security Policy

Our Trust Code

Prevention of Harassment, Victimisation and Bullying at Work Policy

Product & Distribution Governance Policy

Supply Chain Management Policy

Whistleblowing Policy