

STANDARDS FOR SUPPLIERS



WORKING WITH YBS

1. INTRODUCTION

Yorkshire Building Society (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 and suppliers.

YBS is committed to the highest standards of integrity and social responsibility across its business and its supply chain. YBS expects suppliers to act at all in times in accordance with legislative and regulatory requirements and to demonstrate the highest levels of honesty and integrity in all their business activities.

Set out below are our expectations for suppliers who provide products and services to YBS. They do not alter or eliminate any contractual requirements or other specifications set out in any contractual agreements entered into between YBS and the supplier.

Some requirements may not apply to every supplier, depending upon the nature of the services or goods being provided, but where they are relevant, you should expect these to be referenced in the contractual agreements we will seek to put in place. We will require our suppliers to understand and meet the requirements that apply to them and to also ensure that suppliers involved in their supply chain also adhere to these standards.

These Standards for Suppliers were revised in May 2020. YBS reserves the right to modify these Standards from time to time.

2. OUR COMMITMENT

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.

3. GENERAL

Payment Terms

- Our standard payment terms are 30 days from the end of the month in which a supplier's invoice is submitted and validated by YBS.
- We operate a 'no-PO, no-payment' policy. Therefore all invoices must quote a valid YBS Purchase Order number in order for us to pay them.

Community Impact

- As a mutual organisation YBS has a long heritage of making a positive difference to the communities where its members and colleagues live and work. Through a volunteering programme, charity partnership and the Yorkshire Building Society Charitable Foundation, YBS delivers educational programmes to improve employability and financial literacy and provides life-changing support to people in the most challenging situations.
- YBS encourages its suppliers to consider how they too might make a positive difference upon the communities within which they operate.

Employment Standards

- YBS expects suppliers to implement and maintain employment policies and procedures which are legally compliant, meet any regulatory standards with respect to employee capability and conduct

and show an understanding of the differing needs of a diverse workforce.

- YBS expects suppliers to not tolerate any form of discrimination or harassment in their work force.
- Employees must be provided with adequate training and information, sufficient to enable them to fulfil their key responsibilities effectively.
- Disciplinary processes must be in place to manage any misconduct identified.
- Appropriate procedures must be implemented in order to evidence that any employee concerns or complaints are dealt with in accordance with the supplier's stated policy / procedure.

Environmental Impact

- YBS continually strives to minimise any adverse effect its operations may have upon the wider environment, in particular by working to reduce its carbon footprint year-on-year and remaining carbon neutral certified.
- YBS expects its suppliers to be able to demonstrate what arrangements they have in place in order to protect the environment and how the products and services that they provide might support YBS in achieving its environmental aims.

Ethical Business Practices & Modern Slavery

- YBS wants to work with organisations which share similar ethical principles. Checks have been implemented within procurement, which require suppliers to provide information on key factors such as regulatory compliance, adherence and commitment to employment laws.
- YBS remains committed to doing everything it reasonably can to help eradicate modern slavery and human trafficking and YBS expects the same from its suppliers. Policies and procedures are designed to ensure that ethical behaviour forms the bedrock of all aspects of our business.
- Suppliers shall not engage in any activity, practice or conduct that would constitute an offence involving Modern Slavery.
- Suppliers shall implement and keep a record of due diligence procedures for its own suppliers and subcontractors in its supply chains, to monitor and ensure that there is no Modern Slavery in its supply chains.
- YBS aims at all times to treat suppliers with respect. YBS pays suppliers in accordance with the agreed payment terms and will seek to promptly resolve any disputes which may arise, in a fair and transparent manner.

Fire, Health & Safety

- YBS aims to take due care of its colleagues, customers, contractors, visitors and others who may be affected by its activities. YBS operates in compliance with statutory standards as a minimum, with the aim of achieving best practice where possible and provides a commitment to preventing injury and ill health.
- All maintenance or short term contractors will be assessed for their suitability and competency by the YBS Supply Chain team, in conjunction with the Health & Safety team before being accepted onto the central supplier register. These contractors are subject to the Authority to Work Process, which addresses the hazards and risks associated with the work being carried out.
- The Health & Safety team will carry out a programme of audits on contractors including the main Integrated Facilities Management contractor.
- Suppliers must comply with Health, Safety and Fire legislation which places legal duties on all businesses to protect all persons, including customers, from the risk of serious injury.

Professional

- YBS aims to maintain the highest standards of integrity in all business relationships and expects suppliers to do the same. Suppliers are expected to reject and report any business practice or approach which might reasonably be deemed improper and to declare to YBS any business or personal interests that affect or might be perceived by others to affect impartiality or decisions.
- Suppliers must have in place an adequate system of internal control, sufficient to ensure the

quality and timeliness of the services provided to YBS and must support any assurance activity, including activities by regulatory and competent bodies, as per the contractual agreement.

- YBS expects suppliers to notify it, as soon as it is reasonably practical, of any events or incidents actually or potentially impacting on the service, customers or reputation of YBS. Suppliers must have in place contingency plans in order to protect the interests of YBS and its customers in the event of any disruption to the services they provide.

4. BUSINESS CONTINUITY

YBS' approach to managing Business Continuity and Disaster Recovery is to protect critical customer services by ensuring such services are available for YBS' customers, as well as any other supporting services.

- Depending on a supplier's risk rating minimum standards will be outlined and defined.
- These will be reviewed on an annual basis to ensure that adequate diligence is completed in line with the risk rating of a Third Party.
- Business Continuity documentation, such as Business Continuity Plans, Disaster Recovery Plans and Testing documentation, will be reviewed by the Business Relationship Owner and / or the Business Resilience Team to complete due diligence and develop sufficient contingencies, if required, in the event of an incident and / or crisis.

5. COMPLAINT HANDLING

YBS has a zero tolerance for customer conduct failure and therefore seeks to resolve customer complaints at the first point of contact and in a clear, fair and consistent manner.

YBS Complaint definition

'An expression of dissatisfaction where there is alleged or actual financial detriment, or material distress or inconvenience.'

Suppliers must ensure that they:

- Signpost the Complaint Policy and ensure it is accessible for all their colleagues.
- Make themselves aware of customers with vulnerable circumstances. The vast majority of customers are able to make informed decisions regarding their financial affairs; however you need to be aware that you may discover customers with vulnerable circumstances in the process of handling their complaint. Please refer to the Vulnerable Customer statement (Section 10 of this document).
- Consider if a customer should receive redress to put them back in the position they would have been had the error not occurred and compensate them for the distress and inconvenience experienced.
- Treat each customer as an individual assessing the financial and non-financial impact of the complaint on them.
- Maintain a Complaint Policy that identifies complaints as individual issues raised by individual complainants. However, periodically, a single complaint may identify a wider or systemic issue. In such an event YBS must be notified via their Supplier Manager.
- Identify complaints promptly, investigate, thoroughly, honestly and openly with the complainant(s) being kept informed of the progress and outcome of the investigation using clear communication and plain English. Complaint handling must be flexible and responsive to the needs of each individual and will obtain a quick and effective resolution of their complaint.
- Prevent discrimination against customers who have complained either through the handling process or in subsequent interactions.
- Undertake root cause analysis of complaints generated as a result of their servicing of the YBS customer and provide insight to the Supplier regarding this insight and any resulting actions.
- Comply with the regulations of the Financial Conduct Authority (FCA) as set out in the FCA's Dispute Resolution (DISP) Sourcebook .including informing customers of their rights and

signposting them to the applicable referral point such as FOS or the legal Ombudsman.

- Be able to evidence adherence to the Complaint Policy
- Complaints with threat of any legal action which would include YBS need to be highlighted to YBS via the Relationship Manager immediately.

6. FINANCIAL CRIME

YBS is committed to minimising the risk of financial crime, through the application of appropriate policies, procedures, systems and controls in order to effectively deter, detect, prevent and report any occurrence. YBS strives to ensure that high standards of financial crime prevention and awareness are maintained and expects suppliers with whom it has working relationships to do the same.

Suppliers must ensure that they:

- Comply with all applicable legal and regulatory requirements relating to financial crime including Money Laundering; Terrorist Financing; Financial Sanctions; Fraud (internal and external); Tax Evasion; Bribery and Corruption; Modern Slavery; and Human Trafficking.
- Have clear accountability and governance frameworks for the implementation of financial crime requirements within their business and the management of any control weaknesses identified. Relevant roles and responsibilities should be clearly defined.
- Have in place documented financial crime and linked policies and procedures (where appropriate to the services being provided).
- Complete the legal level of required Customer Due Diligence / Ongoing Customer Due Diligence (including providing evidence to YBS upon request), where appropriate to the service being provided.
- Have appropriate controls in place to manage bribery and corruption risks, including provisions on the acceptance of gifts or corporate hospitality/entertainment, and have appropriate controls to identify, manage and record actual or potential conflicts of interest.
- Have reasonable and proportionate controls in place to prevent the facilitation of tax evasion.
- Have reasonable and proportionate controls in place to detect and deter instances of Human Trafficking or Modern Slavery.
- Ensure colleagues receive appropriate training.

7. DATA PROTECTION

YBS has developed a robust approach to data protection so that it can confidently meet its regulatory obligations effectively and efficiently.

Suppliers must:

- Comply with all data protection laws, regulations and principles that are in force at the time and provide evidence of compliance when requested by YBS.
- Ensure that the processing of all personal data undertaken on behalf of YBS is compliant with the requirements set out in the contract and any Data Processing Agreement in place between the parties.
- Assist YBS in the completion of Data Protection Impact Assessments (DPIAs) and Legitimate Interests Assessments (LIAs) as required.
- Implement appropriate technical and organisational measures to ensure the confidentiality, integrity and availability of personal data processed on behalf of YBS.
- Implement appropriate processes to support YBS in the fulfilment of all Data Subject Rights requests within statutory timescales.
- Implement robust processes and controls to enable identification and reporting of all data breaches, incidents and near misses involving personal data without undue delay and in line with

contractual obligations.

- Assist YBS with the investigation of data breaches, incidents and near misses and implement appropriate controls to mitigate impact, loss and detriment to customers and YBS.
- Inform YBS promptly of any of enforcement action undertaken or pending by the Information Commissioner's Office (ICO) or other Supervisory Authority.
- Not share or process any personal data with 3rd parties or sub-processors without prior written agreement of YBS.
- Provide details of any appointed sub-processors who are involved in the processing, the controls in place and details of due diligence undertaken to ensure compliance with protection laws, regulations and principles.
- Ensure personal data is kept accurate and up-to-date.
- Take reasonable steps to ensure inaccurate personal data is securely deleted or amended without delay.
- Ensure personal data is retained for no longer than necessary in accordance with the relevant retention standards.
- Have a process for the deletion or return of personal data which is no longer required or where there is no lawful basis for continued processing.

8. INFORMATION SECURITY

YBS' appetite is to be secure and resilient to cyber threats. It expects both itself and suppliers to be able to recover after an event and be confident and effective in a digital world.

Suppliers must ensure that they:

- Comply with all relevant data protection laws and legal and contractual regulations for the services provided.
- Take the necessary technical and organisational information security measures to prevent any unauthorised use, alteration or destruction of YBS information assets by any employee or approved subcontractor.
- Record details of all systems which store, process or transmit the YBS' information assets, and be able to provide data flow diagrams to describe these activities on demand.
- Maintain documented technical and organisational information security controls, and audit the performance of these controls on a regular basis.
- Maintain an information security policy, approved by senior management and regularly reviewed, which must contain as a minimum:
 - Require only the use of approved devices when handling YBS information assets.
 - Cover the acceptable use of approved devices for handling YBS information assets.
 - Prohibit the use of other devices for handling YBS information assets.
 - Explicitly state workers' obligations and requirements for handling YBS information assets in terms of the protection of confidentiality, integrity and availability.
 - Prohibit the unauthorised disclosure or handling of YBS information assets.
 - Define an information classification scheme that must be applied to all data, and must describe the requirements for handling data of each classification type.
- Not outsource the handling or processing of YBS information assets without the prior written consent of YBS.
- Ensure that its employees are subject to adequate background checks and vetting prior to employment.
- Ensure that information security awareness and training programmes are provided for all employees upon hire and on at least an annual basis.
- Protect all YBS Information by adopting a 'clear desk' policy and disposing of YBS Information assets in a secure manner when no longer required.
- Must ensure that their premises and facilities are secured with effective physical security controls including the use of auditable access system with access tokens, intruder detection system and

alarm, 24/7/365 onsite security monitoring via CCTV or onsite Security Officers.

- Protect any YBS information assets or systems provided to YBS from external attack by using a set of security technologies (e.g. firewalls, intrusion prevention systems, anti-virus software scanning inbound data etc.) and techniques (e.g. network segregation, the use of a Security Operations Centre (SOC) etc.).
- Enforce the use of secure access methods which as a minimum should include unique user accounts, effective access management processes, strong complex passwords or two-factor authentication, regular password changes. In addition any remote access to their systems shall be via secure, encrypted remote access methodologies utilising two-factor authentication.
- Encrypt confidential YBS information assets in transit or at rest using strong cryptography in accordance with industry good practice and in accordance with YBS' requirements as notified to the supplier from time to time.
- Deploy anti-malware technologies at all ingress/egress points and on all equipment used to store, process or transmit YBS information assets and ensure that it is configured to update regularly and cannot be tampered with.
- Follow secure development practices in accordance with industry good practice, ensuring that all developers are skilled and trained in secure development practices and integrating appropriate security practices and testing into the software development lifecycle.
- Not use Personally Identifiable Information provided by YBS in any testing or development activities without prior consent.
- Regularly test IT systems through penetration testing and/or vulnerability scanning, as appropriate, and shall ensure that any security vulnerabilities are assessed and remediated in line with their risk profile. Where critical vulnerabilities are found in systems hosting YBS data, YBS must be informed as soon as possible.
- Maintain measures to identify, detect and respond to any Security incident or breach relating to the supplier's systems in a timely manner.
- Ensure that the YBS is made aware of any incidents which may impact on the confidentiality, integrity or availability of YBS information assets as soon as is reasonably practical.
- All subcontractors, suppliers or third parties involved in the provision of services to the YBS must maintain an appropriate level of security and must be regularly assessed.
- Do not use or purchase cloud based services to store or process YBS information assets, without the express written authorisation of YBS.

YBS Information Security team maintains the right to audit any supplier on a periodic basis or following any incident which affects YBS information assets, this audit may include self-assessment questionnaires, validation of certifications, on-site visits or other controls testing dependent on the nature of the service and the risks to YBS information assets.

9. INFORMATION TECHNOLOGY

YBS has core operating principles in place to ensure operational resilience through providing reliable, stable, secure and responsive systems for its customers, colleagues and other stakeholders.

Suppliers must ensure that they:

- Comply with contractual agreements and schedules of work for all elements of technology supporting YBS services.
- Comply with all applicable legal and regulatory requirements for the services provided.
- Demonstrate that applications and systems are designed, developed, tested and implemented in accordance with YBS requirements.
- Document knowledge and information to support processes, skills transfer and training, as required and made available on request including technical documentation and user manuals.
- Operate a Standard for managing the implementation of all types of technology change, and provide adequate notice to YBS of such changes.

- Provide adequate methods for integration with other YBS systems, when required and in line with contractual SLAs.
- Maintain appropriate IT service management application to manage all IT changes.
- Maintain implementation and back-out plans and ensure these are tested before promotion to live/production for all services (new implementations or significant changes).
- Monitor and maintain IT services to ensure resilience, minimising potential disruption to YBS services in line with contractual SLAs.
- Design critical services for high availability and disaster recovery, in accordance with YBS definitions and standards.
- Maintain IT hardware and software at version levels that allow YBS and the supplier (as per contractual obligations) to support, maintain, secure and/or patch where required.
- Implement processes to manage and communicate incidents and problems to ensure resilience minimising potential disruption to YBS services in line with agreed SLAs.
- Maintain an accurate record of technology assets.
- Create and maintain an inventory of configuration information, aligning with the relevant change and configuration management processes associated with providing contracted services to YBS.
- Maintain IT systems and assets in accordance with the supplier's recommended service intervals and specifications or other requirements as agreed.
- Maintenance windows and schedules are agreed with YBS to minimise potential disruption to YBS services in line with agreed SLAs.

10. VULNERABLE CUSTOMERS

YBS aims to achieving fair outcomes for all customers. Where customers have been identified as vulnerable, there is an enhanced duty of care to ensure fair outcomes have been achieved.

YBS Vulnerable Customer Statement

Where customers have been identified as vulnerable there is a greater duty of consideration to ensure the delivery of fair outcomes and 3rd Parties must ensure that their dealings are appropriate for their specific circumstances.

Vulnerable Customer Definition

A Vulnerable Customer is someone who due to their current personal circumstances may be susceptible to detriment and therefore may require us to engage with them in a different way in order to meet their individual needs.

Suppliers must ensure that they:

- Demonstrate having adequate guidelines, codes of practice or principles in place to deal with and identify arising issues with vulnerable customers in line with YBS Vulnerable Customer Definition.
- Consider the treatment appropriate to the nature of the individual vulnerable customer identified in line with the YBS Vulnerable Customer Definition.
- Capture any factual information available, and where appropriate agree suitable solutions and an appropriate review period with the customer.
- Review annually their approach to ensure it remains appropriate in line with the YBS Vulnerable Customer Definition.
- Confirm to YBS, their continued adherence to the agreed approach on how third parties are expected to deal with YBS customers who are identified as vulnerable in line with the Financial Conduct Authority Handbook, Principle 6 which states that a firm must pay due regard to the interest of its customers and treat them fairly.
- Recording of sensitive personal data meets General Data Protection Regulation (GDPR) requirements and, regarding each vulnerable customer record and additional support measures.
- Records can be maintained for a minimum of 10 years.

- Be able to evidence adherence to the Vulnerable Customer Policy

11. TRANSFORMATION - DELIVERY OF CHANGE

YBS uses a delivery framework that controls the risks introduced by change. It ensures the integrity, reliability and responsive of services provided to customers and colleagues. It is expected that suppliers follow the same principles, standards, process and guidelines when delivering change collaboratively and independently on behalf of YBS:

Suppliers will:

- Collaboratively create contractual agreements and schedules for services of work for all elements of change delivery and report known deviations as soon as they occur
- Comply with all applicable legal and regulatory requirements for the services provided
- Demonstrate that work delivered is scoped, designed, developed, tested and implemented in accordance with YBS quality and agreed business requirements, timescales and budget.
- Ensure knowledge and information to support processes implemented, are transferred as required and shared with YBS
- Evidence adherence to the relevant sections of the YBS Change Risk Policy, and associated YBS standards and guidelines to ensure change undertaken is governed effectively and safely
- Report: progress to plan; risks and issues; costs & estimates; and predicted benefits clearly throughout service provision, explaining delivery confidence levels
- Allow YBS to perform due diligence reviews and independent quality assurance of delivery activity performed
- Provide feedback on the delivery framework to assist YBS identify improvement opportunities to ways of working and services to customers and colleagues.