

YORKSHIRE BUILDING SOCIETY

FINANCIAL PROMOTIONS POLICY

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1. Purpose

The Purpose of the Policy

The Policy is designed to make sure that all Financial Promotions follow the 'regulations and legislation' set out in 1.2, and that they are always "clear, fair and not misleading". It also helps protect the business from risks that can come from using Financial Promotions. These risks include:

- Misleading customers and creating poor outcomes.
- Going against the Group's culture, values or strategic priorities (Group' refers to Yorkshire Building Society, the trading names under which it operates (Chelsea Building Society, the Chelsea, Norwich & Peterborough Building Society, Norwich & Peterborough and N&P) and its subsidiary companies).
- Harming the Group's brand or reputation.

Applicable Regulations and Legislation

Financial Promotions play a key role in the FCA's overall aim of delivering an efficient and effective retail market in financial services and in helping customers achieve a good outcome.

A single overarching principle is that all Financial Promotions must be "clear, fair and not misleading."

Legislation and regulation of Financial Promotions is an area of considerable complexity. It is beyond the scope of this policy to detail all legislation and regulations that have implications for Financial Promotions.

However, the following are the main (though not exhaustive) areas of legislation and regulation that impact the scope of this policy.

- Section 21 of the Financial Services and Markets Act 2000 (FSMA), the resulting remit of the FCA, their requirement that a firm must act to deliver good outcomes for retail customers, and its interpretation in the "Clear, fair and not misleading" rule.
- Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO)
- BCOBS - Banking: Conduct of Business sourcebook
- COBS - Conduct of Business Sourcebook
- PERG - Perimeter Guidance
- Business Protection from Misleading Marketing Regulations 2008 Consumer Rights Act 2015 (from 1 October 2015)
- Consumer Protection from Unfair Trading Regulations 2008 as amended by the Consumer Protection (Amendment) Regulations 2014
- ICOBS - Insurance: Conduct of Business sourcebook
- MCOB - Mortgage and Home Finance: Conduct of Business Sourcebook
- Misleading Advertisement Regulations 2003
- Data Protection Act 2018
- PECR - The Privacy and Electronic Communications (EC Directive) Regulations 2003.
- Advertising Codes (CAP, BCAP) and decisions from the Advertising Standards Authority (ASA).
- The Consumer Duty - PRIN 2A
- FG24/3: Finalised non-handbook guidance on the anti-greenwashing rule
- PS23/13- Introducing a regulatory gateway for firms that approve the financial promotions of unauthorised firms

Requirements of the Policy

Anyone involved in creating, reviewing, or approving Financial Promotions must be familiar with this Policy and the Marketing Operations system Aprimo, which all Financial Promotions must go through for sign-off.

2. Scope

The policy applies to anyone involved in the Financial Promotions process, including:

- Marketing, Digital Channels & External Affairs.
 - Creating (Originator) Financial Promotions.
 - Managing approval procedures.
 - Reviewing and checking content.
 - Updating expired promotions.
- Trading teams, Technical Customer Communications Team and any other teams creating Financial Promotions.
 - Creating Financial Promotions.
 - Following approval procedures.
 - Reviewing their own and other YBS created promotions (as Subject Matter Expert (SME)).
 - Refreshing expired content.
- Conduct and Operational Risk
 - Overseeing and approving Financial Promotions.
 - Oversight of the Financial Promotions policy and approval process.
 - Providing regulatory guidance.
 - Provide training to colleagues and Agencies who YBS use to create promotions (e.g. IMA, Mindshare).
 - Monitoring and reporting.
- Compliance & Oversight Risk
 - Oversight, guidance and advice.
- Legal
 - Approving Non-Financial Promotions needing legal input (e.g., Terms & Conditions)
 - Legal will not be a 'default' sign off party for Financial Promotions, though will provide, ad hoc legal advice when needed (e.g. trademark use)

This policy excludes real time Financial Promotions. Marketing, Trading or Technical Customer Communications do not create or review real time Financial Promotions. Conduct and Credit Risk do not review or approve Real Time promotions.

This policy applies to all Financial Promotions offered by all YBS Group brands.

It applies to all promotions, whether it's Group or Third Party products.

It applies to all media, both written and otherwise, including, but not limited to:

- In-branch posters, window decals, ATM, digital screens and leaflets
- Direct marketing material, letters, e-mails, door drops and leaflets
- Hard copy advertisements such as those in newspapers and magazines
- Broadcast advertisements on TV and radio
- Online materials including static webpages, banner ads, search-engine marketing content, pay per clicks and in app promotions
- Social Media postings (for example Facebook, TikTok and LinkedIn)
- Post-Sale Communications.
- Video content for customer-facing use.

Communications that do not meet the definition of Financial Promotions are out-of-scope e.g., press releases; internal and non-customer facing forms/documents.

Non-Financial Promotions are not covered by this policy.

3. Definitions

Financial Promotions are communications which invite customers and/or businesses to transact with the Group. The Financial Conduct Authority (FCA) defines a Financial Promotion as follows:

“an invitation or inducement to engage in investment activity or to engage in claims management activity that is communicated in the course of business”.

Invitation.

As per PERG 8.4.5 an invitation is something which directly invites a person to take a step which will result in his engaging in investment activity”.

Inducement.

As per PERG 8.4.7 “an inducement may be described as a link in a chain where the chain is intended to lead ultimately to an agreement to engage in investment activity”.

However, “only those that are a significant step in persuading or inciting or seeking to persuade or incite a recipient to engage in investment activity....will be inducements”.

Although, “in many cases a preliminary communication may simply be an inducement to contact the communicator to find out what he has to offer”.

A preliminary (initial) communication is likely to be a significant step in influencing a customer's decision- especially when it includes visuals or slogans that aim to create interest or a sense of need. If this type of content persuades them to engage in an investment activity with YBS e.g., taking out mortgage or savings products, it is therefore an inducement.

The Originator of a Financial Promotion is the individual responsible for initiating and owning the communication. They must ensure that all promotional content complies with this Policy and follows the Aprimo process.

4. Policy Statements

Risk owners must take steps in order to satisfy themselves that the risks that they own are controlled within risk appetite. The qualitative risk appetite statements relevant to this policy are:

Tier 2 Compliance and Conduct Risk Appetite Qualitative High-Level Statement

We will only offer products and services which meet customer needs, and where we can manage any conduct risks which arise including consideration of customer vulnerability and impacts on and of climate change. We act in good faith to prevent foreseeable harm and if failures occur, we proactively identify, establish root cause and remedy via our own actions.

Qualitative Low-Level Statements

Products and Services

- We will offer products and services where our design, distribution, and delivery are regularly tested and monitored, to prevent the potential for customer harm.

Consumer Understanding

- We will minimise the risk of customer harm from mis-selling and mis-buying through the application of fair sales policies, an effective training & competency framework and by providing customers with the correct information, at the right time and in a way, they can understand (including Financial Promotions).

Design of Financial Promotions

- All Financial Promotions (Promotions) must follow the Customer Understanding requirements for Consumer Duty as documented in the Communications Framework.
- Any Customer Testing of Promotions should follow process as per the Communications Framework or other Customer Testing guidelines.
- Promotions must be “clear, fair and not misleading”. Adverts and promotions must not exploit customer vulnerabilities, knowledge gaps, or behavioural biases, nor encourage the purchase of unsuitable products.
- Promotions will be developed to help customers fully understand “the deal”, comprising features, benefits, risks, exclusions and costs of the products they buy. Options available to customers are presented in a clear and fair way balancing the risks and benefits of the product and highlight the action the customer needs to take to exercise an option. This ensures we meet the FCA guidance on Customer Understanding in Consumer Duty, where firms’ communications enable customers to understand their products and services, helping them make informed decisions.
- Product key features, benefits, risks and costs are not designed to influence customers to select a particular option.
- Promotions will be “standalone compliant”. meaning they meet all regulatory requirements independently, without relying on important additional information found elsewhere.
- The purpose of the Promotion and the target audience, including any vulnerable characteristics, must be considered.
- Promotions should be designed to support accessibility and customer understanding, especially for vulnerable customers. Briefing documents must include a clearly defined contact strategy.
- Promotions should be as simple and concise as possible and seek to avoid unnecessary small print.
- Any claims made must be backed up with solid evidence (evidence and substantiation).
- Any reference made to environmental or social (‘sustainability’) characteristics must be fair, clear and not misleading (i.e. avoid greenwashing) and also must be fully substantiated.

Origination, Approval and Review of Financial Promotions

- All Promotions must go through Aprimo.
- Promotions can be originated from departments other than Marketing and Digital Channels.
- It is the responsibility of the originating area to understand the definition of a Financial Promotion and to follow the approval process in Aprimo.
- Content must be authorised by a minimum of Originator, the Trading Team / SME, Team Leader/peer review (for Marketing & Digital), Conduct and Operational Risk and any third-party approvers (e.g. Uinsure) if applicable.
- The Customer Selection Brief must be reviewed by a minimum of the Originator, Marketing Analyst and Marketing Analyst Manager. For Rate Change, rationalisation, mandatory, maturities or complex mailings, Trading sign off must also be included.
- Promotions will only be authorised for publication when the Aprimo approval process has been followed correctly.
- All Promotions must be given a risk rating, as per the Communication Framework.

- All Promotions will be approved for a defined period depending on the risk rating.
- Originators are responsible for ensuring that the Promotion remains technically correct for the period it is live for.
- Originators are responsible for reviewing at expiry, or earlier if there is a material change that affects the validity of the Promotion. Any expired/obsolete items must be withdrawn by the Originator until their full re-approval in Aprimo
- Any withdrawn Promotion must undergo a full review prior to re-issue.
- If a content originator changes roles or leaves YBS, they must reassign ownership of their content in Aprimo to an agreed colleague. If they don't complete this, the responsibility falls to their line manager. They must also update their Communications Log to reflect the new owner.

Record Keeping

- The Group (YBS) will ensure adequate records (through Aprimo) are kept of Promotions, and their approval, to ensure there is visibility over its promises and customer expectations.
- Promotion and audit of the approval will be retained indefinitely.
- Each teams who creates a Promotion is responsible for ensuring that their record keeping is in line with the Communications Framework and kept on their own team Communications Log.

Reporting

- Aprimo can provide Team Managers with real time Management Information (MI) on their teams Promotions, to identify any cases that 'fail' approval (before external publication to customers).
- A monthly Newsletter is produced by Financial Promotions Approval Consultants (FPAC) in the Conduct and Operational Risk Team. The Newsletter includes information on the first line assessment of each Promotion for the previous month, and trend analysis for approvals over the past 12 months.
- Quarterly MI is also submitted to provide visibility of any key trends and issues, this goes to CRC.
- A monthly Financial Promotions review meeting is held and managed by Conduct and Operational Risks FPACs with the Marketing and Trading teams. In this meeting, the Newsletter is reviewed and failed Promotions are discussed to understand what went wrong and why.

5. Implementation and Monitoring

Implementation

- Any new colleague in any team that creates or reviews Promotions receive Financial Promotion training as part of their induction and must pass a competency assessment(s).
- Users cannot access the Aprimo system to create or review Promotions, until the training is completed and competency assessment passed.
- Existing colleagues are continually assessed with all new or amended Promotions (unless minor non-material amends) being reviewed by the Team manager.
- Any colleague identified as needing support will be required to undertake refresher training and pass a competency assessment.
- Colleagues involved in the Promotions process - whether they create, review, or design Promotions - must complete annual training and pass an assessment to show they're still competent.
- If a colleague is unable to demonstrate competence with Promotions their Aprimo licence, managed by the Marketing Operations, will be removed.

Monitoring

- Every Promotion goes through a peer review as part of the Aprimo approval process.
- If the promotion includes product or technical details, the SME must review it.



- All new or amended Promotions (unless minor and not relating to promotional content – for example rate and/or date changes only) created in Marketing and Digital should be reviewed by the Team manager.
- Senior Team Managers must review all new Promotions.
- FPACs in the Conduct and Operational Risk team review every Financial Promotion as part of the approval process within Aprimo.
- Aprimo tracks all approvals and can produce real time MI, including any Promotions that 'fail' their approval cycle.
- Aprimo dashboards identify any potential breaches during review cycle process which can be rectified on live projects.
- Monthly MI is created to provide an assessment of all Promotions submitted for approval, including root cause analysis of any cases that 'fail' at review stage (before publication externally).
- Quarterly MI is submitted to CRC and Executive Risk Committee (ERC) to provide visibility of any key trends and issues.
- If a Promotion fails, the relevant team should review the root cause and look for ways to improve their process.
- Compliance & Oversight Risk may include Financial Promotions within their Annual Compliance Monitoring Plan, including thematic investigations.
- Third line Audit may choose to review Financial Promotions within the Annual Audit Programme.
- It is the responsibility of the originator to ensure that Promotions are performing as intended. If customer feedback shows it's being misunderstood or there is a theme of poor customer outcomes, it should be withdrawn or updated.
- Marketing will report details on any withdrawn/amended Promotions to the monthly Compliance and Conduct Risk metric.

6. Approval

- The policy is to be approved by Commercial Division Risk Committee.
- The policy needs to be reviewed on an annual basis.
- This policy needs to be reviewed when changes are made to it.

Appendix 1: Description of roles and responsibilities

Policy Owner

The Policy Owner is responsible for:

- Writing the policy document and ensuring that it always remains up to date.
- Reviewing the policy periodically and in the event of any significant change (e.g., legislative, regulatory, organisational, operational etc.).
- Seeking approval/reapproval 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 Enterprise Risk Management Team any breach in policy.
- Ensuring the relevant policy guides are aligned to the policy.

Policy Sponsor

The Policy sponsor is accountable for all aspects of the policy.

The Policy Sponsor is 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.

Appendix 2: Financial Promotions Approval Model

High-level Financial Promotions approval model:

