

## Modern Slavery Transparency Statement 2022

This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 (the Act) and sets out the steps that Yorkshire Building Society (YBS) and its subsidiaries has taken to prevent slavery and human trafficking taking place in our supply chains or any parts of its business.

### About Yorkshire Building Society

YBS is the third largest building society in the UK, with around 2.6 million members. YBS also trades under the brands Chelsea Building Society, Norwich & Peterborough Building Society and through our wholly-owned intermediary lending subsidiary, Accord Mortgages Ltd (Accord). YBS also includes YBS Covered Bonds LLP (YBS being one of the members). YBS is UK-based, with our principal office in Bradford and is regulated by both the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

YBS's main business is the provision of mortgages and savings accounts through our national network of branches and agencies, our customer contact centres and our online channel. We also offer YBS and Accord products and related financial services through intermediaries, such as mortgage brokers, and other providers, such as insurance companies, who are themselves subject to UK regulation. We provide finance to businesses, and for social housing. YBS Share Plans is a party of YBS and administers employee share schemes for companies around the world.

### Managing the Risk of Modern Slavery

#### **Procurement of Goods and Services**

Procurement of goods and services is mainly via YBS, which has a broad range of predominately UK based suppliers, as well as a small number of international suppliers. YBS has a centralised Supply Chain function incorporating Procurement, which works alongside a network of Supplier Relationship Management specialists from different parts of the Society.

Where we do use services outside of the UK, we use a mixture of offshore based (i.e. services that are not provided in our offices, but abroad) and onshore (within our offices) arrangements. As well as having the requisite contractual controls in place, there are on-boarding checks defined by Financial Crime. These are carried out on all individuals working at YBS locations, including those from suppliers based outside of the UK.

Our Supply Chain processes include both due-diligence checks before we enter into contracts with suppliers and regular ongoing risk monitoring to ensure the risk profile of a supplier has not changed. Our approach to risk monitoring and due diligence is reviewed on a regular basis and we seek to improve these processes continually, through supplier engagement, raising awareness of issues and requirements, and by delivering training to our key staff, who manage the relationships with our suppliers. We understand the importance of this and will continue to invest in our capabilities in our Procurement and supplier risk management.

We have a standard contractual clause setting out our position on Modern Slavery that can be used in contracts with suppliers and we have published a set of [Minimum Standards for Suppliers](#) that also includes our position on Modern Slavery. This document is referenced in all formal Procurement activities managed by Supply Chain.

#### **Our Customers and our Colleagues**

As a mutual organisation, YBS is owned by and accountable to its members. Accord is a wholly owned intermediary lending subsidiary, and is therefore not a mutual, but is regulated by the FCA and is required to act in accordance with YBS policies and controls. Our purpose is to help people achieve their life goals; we call it providing Real Help with Real Life. For us, as a building society, it means delivering three central ambitions:

- helping people to have a place to call home,
- helping them towards greater financial wellbeing, and
- creating long-term value for our members.

We have around 3,000 colleagues, but where appropriate, also engage contingent workers (over 1,200) to meet our additional or specialist resource requirements. All colleagues are employed by YBS and all of our colleagues and all are carefully checked and vetted before they start work. In addition to this all receive regular training to ensure they understand and comply with our values and policies and all colleagues earn at least the Real Living Wage and are eligible to join an independent union.

### **Risk Assessment and Due Diligence**

We operate in a highly regulated sector and are therefore cognisant of the need to mitigate the risk of facilitating Modern Slavery and Human Trafficking (MSHT) in our supply chain and through our business operations. We maintain robust risk assessment and due diligence checks and actively seek to improve our controls within this area.

We conduct regular business-wide Financial Crime Risk Assessments, which review our level of risk and control in all areas of financial crime, including Modern Slavery and Human Trafficking (MSHT), and continue to enhance the control framework on an ongoing basis.

### **Our Policies in relation to Modern Slavery**

All relevant business-wide policies include appropriate reference to and consideration of the risk of MSHT. These policies include:

- Ethics Policy;
- Financial Crime Policy;
- Whistleblowing Policy;
- Employee Code of Conduct;
- Supplier Procurement Code of Conduct and Minimum Standards for Suppliers.

In addition, MSHT forms part of our overall ESG strategy. Our local procedures are designed to ensure that behaving ethically towards our customers, employees and suppliers is at the heart of our business. We also operate various controls to protect our members' money and personal information, and safeguard our systems and services, so they are not used to perpetrate or facilitate crime, including Modern Slavery offences. This includes a requirement for customer-facing colleagues to remain vigilant and report any suspicious activity that may be linked to Modern Slavery or Human Trafficking. In 2022, we are planning to extend this awareness and training to non-customer facing colleagues.

### What we pledged to do in 2021

*Pledge 1 - Delivery of additional targeted training and awareness of Modern Slavery and Human Trafficking (MSHT) to colleagues.*

As a result, we delivered targeted training to high risk areas such as Accord Sales Management and refresher training to the retail network. We also shared briefing packs with all customer facing colleagues: retail network and Customer Services Function. We used Anti- Slavery Day (18 October) to raise awareness by a newsfeed and blog on the intranet.

*Pledge 2 - Further strengthening of controls in our Procurement function.*

As a result, we have added a Modern Slavery risk assessment to our supplier risk triage process, as part of the due diligence process for suppliers.

*Pledge 3 - Increasing our engagement with external Working Groups in partnership with businesses across the country.*

As a result, we engaged with external groups (EY & Stop the Traffik). We agreed with the National Crime Agency (NCA) to share a presentation to the retail network, the Society's third parties (valuers, brokers etc), Head Office based customer facing teams and senior management.

*Pledge 4: Drafting KPIs to improve effectiveness of oversight*

As a result, we have agreed a set of draft KPIs in the Working Forum.

## Other Key Achievements in 2021

We partnered with Treasury to incorporate Modern Slavery Statement as part of their risk criteria assessment of counterparties. They also performed a one off retrospective checking of existing counterparties to identify companies with Modern Slavery Statements.

## Plan for further work in 2022

YBS has a commitment to consider how well our Modern Slavery controls are operating, and if we can improve these further as part of our business practices.

In 2022, we will consider our approach and improvement of controls through:

- Review and re-organise governance of MSHT
- Formalise KPI and improve management information
- Design and delivery of individualised training to high -risk business areas. This will be expanded to non-customer facing teams (eg: Property, Treasury etc)
- Enhance supplier due diligence process to incorporate Fourth parties in line with Know Your Customer's Customer (KYCC) principle;
- Extend and establish procedures for non-customer related incident reporting
- Collaborate with different areas (eg: Vulnerable Customer team) to embed awareness of MSHT

YBS continually strives to improve our controls in relation to Modern Slavery and remain committed to actively helping prevent Modern Slavery and Human Trafficking.

This statement was approved by the Boards of YBS and Accord on 4 and 5 of April 2022 respectively and is signed on behalf of those Boards by David Morris (Chief Commercial Officer, YBS; Chairman, Accord Mortgages Limited).

This statement covers the period of the financial year January 2021 to December 2022.

This statement was correct at the time of publication on 12 April 2022. Changes in circumstances since may affect its accuracy.



David Morris - Chief Commercial Officer

5<sup>th</sup> April 2022