

2023 MODERN SLAVERY STATEMENT

This statement is made pursuant to Section 54 (1), 6 of the Modern Slavery Act 2015 (the Act) and sets out the steps that Yorkshire Building Society (YBS) and its subsidiaries have 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 act as a distributor for home insurance with a third-party relationship, who are themselves subject to UK regulation. We provide finance to businesses, and for social housing.

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 Group.

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 additionally and where appropriate, also engage contingent workers as well as meeting our additional or specialist resource requirements via suppliers. 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 improve the efficiency and effectiveness of these reviews, ensuring they are risk based

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:

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

MSHT forms part of our overall Environment Social and Governance (ESG) strategy. Our local procedures are designed to ensure that behaving ethically towards our customers, employees and 200suppliers 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 extended this awareness and training to non-customer facing colleagues.

Mandatory Modern Slavery training is in place for all colleagues, which includes an understanding of the legal implications and how to identify and escalate red flags. This is enhanced by additional, bespoke training delivered to teams identified as higher risk.

What we pledged to do in 2022

Pledge 1 Review and re-organise MSHT governance to enhance its effectiveness.

Effective governance of MSHT is in place

Pledge 2 - Formalise Key Performance Indicators (KPI) for monitoring progress of embedding awareness.

An effective set of clear, visible, and measurable metrics is in place to monitor progress and the effectiveness of MSHT activity.

Pledge 3 - Deliver individualised training to all high- risk business areas, including non-customer facing teams (eg: Properties, Treasury etc).

Personalised training has been delivered to areas of the business with the highest likelihood of identifying Modern Day Slavery to ensure they understand how to identify red flags and are aware of the process they need to follow.

Pledge 4: Enhance the supplier due diligence process to incorporate 4TH parties in line with Know Your Customer's Customer (KYCC) principle.

Enhanced oversight over the Society's material suppliers and their fourth party relationships is in place.

Pledge 5: Establish procedures for non-customer related reporting of MDS

A process is in place for reporting non-customer related MDS and for supporting colleagues in non-customer facing teams

Pledge Six: Collaborate with different areas to embed understanding of Modern Slavery.

MDS awareness is more embedded across the society as a result of collaboration and training.

Our 2023 Pledges

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 2023, we will consider our approach and improvement of controls through:

1. Provide ongoing Modern Slavery training and support to the businesses, with a higher likelihood of identifying Modern Day Slavery ("higher risk areas").
2. Fully embed Modern Slavery within the financial crime risk assessment of suppliers.
3. Determine and implement the appropriate approach to Modern Slavery risk within first line quality assurance of higher risk areas.

4. Support people leaders in the higher risk areas to manage any identified colleague- related Modern Slavery risks.

5. Ensure the Society's approach to Modern Slavery remains appropriate, given the Society's strategic direction and the external environment. Enhance this by using insight from external sources.

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 in March 2023 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 2022 to December 2022.

This statement was correct at the time of publication on 30/03/2023. Changes in circumstances since may affect its accuracy.