

STANDARDS FOR SUPPLIERS



WORKING WITH YBS

1. INTRODUCTION

Yorkshire Building Society (YBS) exists to provide real help with real life. We do this by delivering our purpose ambitions of helping people have a place to call home and improve their financial wellbeing, underpinned by providing better value to our members. This is set out, along with our responsible business priority areas, within our ESG Strategy. You can find out more on our website (www.ybs.co.uk) and in our ESG Report.

Set out below are our minimum compliance standards which articulate YBS' expectations in relation to 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. YBS requires suppliers to comply with these standards (where applicable) and to also ensure that suppliers involved in their supply chain also comply with these standards. Some requirements may not apply to every supplier, depending upon the size, revenue, nature of the services or goods being provided. We require our suppliers to understand and meet the requirements that apply to them.

These Standards for Suppliers were adopted on 01/09/2023. YBS reserves the right to modify these Standards from time to time and suppliers will be expected to comply with those Standards as revised.

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

Community Impact

- YBS has been operating as a mutual for more than 150 years and has always been conscious of its impact on society and the importance of acting responsibly. We remain committed to supporting members, colleagues and the communities we live in by helping real life happen. For us, this means supporting people of all ages with their financial wellbeing and helping them find a place to call home.
- We offer breadth and depth of impact through a range of community programmes, ranging from a 31-hour colleague volunteering policy, charity partnership, and Yorkshire Building Society Charitable Foundation. Our programmes are driven by our purpose and enable us to engage with our local communities.
- YBS encourages all suppliers and their employees to consider how they can get involved in local social and environmental community charity efforts by volunteering time and/or providing other types of support.

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

- High environmental standards will be integrated into all relevant business operations to support our purpose to provide Real Help with Real Life. YBS will achieve a Net-Zero transition that is fair for all our customers which continues to enable them to find a place to call home. We have a further ambition to reach Net-Zero on indirect emissions (the supply chain) by 2050.
- YBS is working towards being Net-Zero on direct operations (Scope 1 and 2) by 2025 with a further commitment to being Net-Zero on operational indirect emissions (Scope 3) by 2050. This naturally means YBS is keen to engage our suppliers on the Net-Zero transition and is looking for suppliers that take their environmental credentials seriously. To ensure our supply chain emission reduction trajectory modelling is accurate and science based we require the following information from our suppliers; Carbon footprint information (Scope 1 & 2 minimum) and a description on how the supplier is working towards a Net-Zero world. On Capital works projects (Property and IT & T only), we require the supplier to fill out a material usage and waste form.
- 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 who will evaluate the contractors to determine the regulatory risk and the potential impact on service provisions. Once the approved contractors have satisfactorily demonstrated their ability to meet business's requirements (as well as legal requirements), they will be accepted onto the central supply 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. Health and Safety audits may be completed on contractors depending on the nature of the work.
- Annual checks for property-based suppliers and contractors will be completed to confirm in date insurances and relevant safety schemes in procurement (SSIP's).
- Suppliers and contractors 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. VULNERABLE CUSTOMERS

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

YBS Group Vulnerable Customer Statement

Where customers have been identified as vulnerable there is a greater duty of consideration to ensure the delivery of good 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 they have the guidelines, codes of practice and sufficiently skilled colleagues to be able to identify potentially vulnerable customers and apply appropriate treatment
- Consider the treatment appropriate to the nature of the individual vulnerable customer identified in line with YBS Vulnerable Customer Definition.
- Capture only factual information which is relevant and where appropriate agree suitable support solutions and a suitable support review period with the customer.
- Always attempt to gain explicit consent to record vulnerabilities. Where consent cannot reasonably be obtained this information should only be processed where not recording this would not be in the best interests of the customer.
- Review their approach annually to ensure it remains aligned 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.
- Make use of available MI, Insight Data and lead indicators to identify any emerging vulnerable customer risks.

5. 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.
- Provide appropriate training for colleagues.

6. INFORMATION MANAGEMENT (DATA PROTECTION)

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

Suppliers must ensure that they:

- Comply with all data protection laws, regulations and principles for the services provided.
- Ensure that the processing of data undertaken on behalf of YBS is compliant with the requirements set out in the contract between the supplier and YBS.
- Implement controls and processes required to support YBS in the fulfilment of Data Subject Rights requests.
- Implement processes and controls to identify data breaches and report to YBS without undue delay in line with contractual obligations.
- Assist YBS to control and mitigate impact and detriment to customers and YBS following a data breach.
- Do not share data with 3rd parties/sub-contractors unless agreed with YBS.
- Provide details of any appointed sub-processors who are involved in the processing of the YBS data controls.
- Ensure the personal data it processes on behalf of YBS is adequate, relevant and not excessive in relation to the purposes for which it is processed.
- Provide evidence of consent where necessary to demonstrate new data provided to the Group is done so compliantly.
- Ensure personal data is kept accurate and up-to-date.
- Take every reasonable step to ensure inaccurate personal data is securely deleted or amended without delay.
- Ensure any deletion of personal data which is no longer required is completed securely.
- Inform YBS of any of enforcements issued/ investigations undertaken by the ICO or any other Data Protection Authority.

- Do not transfer personal data outside of the UK unless it has been agreed with YBS.
- Ensure that upon termination of the relation, YBS data is returned or securely disposed as per the contract.

7. COMPLAINT HANDLING

YBS has a zero tolerance for customer conduct failure and seeks to provide first touch resolution by resolving customer complaints at the first point of contact and in a clear, fair and consistent manner.

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. Most customers can 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. Where vulnerability is identified consideration must be given to the impact of the complaint on the customers' vulnerability, making sure to prioritise the complaint accordingly. Please refer to the Vulnerable Customer statement (Section 4 of this document).
- Allow customers to contact them through any of the supplier's available communication channels and by any reasonable means to make a complaint without any barriers.
- 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 and 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 YBS regarding this 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.
- Have a process in place to ensure where a complaint relates to actual or potential data breaches these are reported as appropriate to the Information Commissioner's Office (ICO).

8. BUSINESS CONTINUITY

YBS' approach to managing business continuity is to protect the Society's Important Business Services by ensuring such services are available for YBS' customers when they need to use them.

Suppliers must ensure that they:

- Establish a Business Continuity / Disaster Recovery Policy, which is approved in accordance with the supplier's governance structure, that provides a framework for setting Resilience & Continuity objectives and defines the standards for their implementation and operation. This policy must be reviewed and updated at defined intervals, on a 12-monthly basis as a minimum.
- Have a defined Incident, Crisis Management Framework (including incident communications) to ensure that incidents and crises will be identified, managed and communicated to YBS in line with agreed service levels and expected contractual Recovery Time and Point Objectives (RTO / RPO).

Additional requirements are mandated if YBS deem the supplier to be critical. All critical suppliers will be advised of this is the case:

- Provide sign-off on an annual basis to the respective YBS Supplier Relationship Manager that the services outlined in the contractual arrangement can be met and understand the role they play in the Recovery Time Objective of the Important Business Services.
- Define and document the roles and responsibilities of all key person dependencies that underpin the services supporting the YBS Important Business Services.
- Ensure that key colleagues supporting YBS Important Business Services are aware of their roles & responsibilities in relation to the services supporting YBS Important Business Services on a minimum 12 monthly basis through inductions or training.
- Identify 4th party suppliers that are critical to the delivery of services supporting YBS Important Business Services and should evidence their ability to meet Important Business Service Impact Tolerances.
- Identify and document those applications/systems that are critical to the delivery of services supporting YBS Important Business Services.

9. 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.

10. 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.

11. SUPPLIER PERSONNEL

YBS' appetite is to minimise risks arising from the engagement and use of supplier personnel (being any employees, workers, temporary staff, agents, consultants, sub-contractors, directors or other personnel of the supplier or any member of the supplier's group involved in the provision of products or services to YBS). It requires certain assurances and expects certain minimum standards to be met by suppliers and supplier personnel.

Suppliers must ensure that they:

- Only provide YBS with supplier personnel who fall within the categories listed below or otherwise not subject to the off-payroll working legislation (including, but not limited to, the Income Tax (Earnings and Pensions) Act 2003 (as applicable)):
 - Employees employed directly under a contract of employment with the supplier subject to UK PAYE and NICs on payments relating to their work with YBS;
 - Workers employed or engaged under an agreement with the supplier or via an agency or umbrella company subject to UK PAYE and NICs on payments relating to their work with YBS;
 - Offshore workers who are not subject to UK PAYE and NICs and will become subject to UK PAYE and NICs as a result of the services being performed.
- Do not provide supplier personnel who operate through personal services companies or other worker intermediary companies, at any level in the supply chain, without YBS' prior written approval. Such arrangements will be on an exceptional basis and must be identified to YBS prior to any supplier onboarding or contracting being completed.

Any supplier personnel not falling into a group above will require YBS sign-off prior to entry into contract arrangements or commencement of any services to YBS.

- Co-operate with YBS and provide such reasonable assistance or information as YBS may request from time to time relating to the employment status of supplier personnel.
- Are responsible (and where applicable, shall procure any third parties such as agencies or umbrella companies shall be responsible) for all matters in relation to the supplier personnel including, but not limited to, (i) procuring and complying with any requirements for any work permits, visas, rights of residence or other similar requirements; and (ii) the payment of all salary and remuneration, National Insurance contributions, income tax or other charges and deductions required by law including submitting all necessary returns required under applicable law and maintaining suitable and proper records in respect of all supplier personnel.
- Provide supplier personnel who are suitable and possess the necessary qualifications, experience, knowledge and skills for their role at all times to provide the services to YBS with all reasonable skill, care and diligence.
- Conduct appropriate vetting checks on supplier personnel to ensure that (i) they have the relevant skills, experience and suitability to be involved in the provision of services to YBS; and (ii) no supplier personnel are engaged or employed in relation to the services to YBS whose previous background would reflect adversely upon YBS (including any individuals convicted of serious criminal offences).

12. CONSUMER DUTY

YBS abides by the Consumer Duty finalised guidance published by the Financial Conduct Authority (FCA), with effect from July 31st 2023.

Suppliers must ensure that they:

- Comply with the requirements set out by the FSA in the Consumer Duty finalised Guidance that are relevant to all activities carried out by the firm
- Consistently deliver good outcomes for retail customers
- Monitor and regularly review the outcomes that customers are experiencing in practice and take action to address any risks to good customer outcomes.
- Provide any Management Information required by YBS to evidence the delivery of good outcomes within reasonable timescales
- Consider the needs, characteristics, and objectives of customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey
- Communicate and engage with customers so that they can make effective, timely and properly informed decisions about financial products and services and can take responsibility for their actions and decisions
- Not seek to exploit customers' behavioural biases, lack of knowledge or characteristics of vulnerability
- Support customers in realising the benefits of the products and services they buy and acting in their interests without unreasonable barriers