

YORKSHIRE BUILDING SOCIETY

FINANCIAL PROMOTIONS POLICY

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1. Purpose

The Purpose of the Policy

The Policy aims to ensure that Financial Promotions meet applicable regulations and legislation set out in the next section, in addition to being “clear, fair and not misleading”. It will also ensure that risks associated with the use of Financial Promotions are controlled. Key risks associated with Financial Promotions include that they have the potential to:

- Mislead customers and create poor outcomes
- Conflict with the Group’s culture, values or strategic priorities
- Cause damage to the Group’s brand or business 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

All individuals and departments engaged in the origination, curation, approval and review of Financial Promotions should be aware of this Financial Promotions policy and adhere to the approach set out in the Marketing Operations system Aprimo.

2. Scope

The policy applies to all individuals and departments engaged in the origination, curation, approval and review of Financial Promotions:

- Marketing, Digital Channels & External Affairs
 - Origination of Financial Promotions
 - Management of the Financial Promotions approval procedures
 - Oversight and checking of Financial Promotions
 - Ongoing refresh of Financial Promotions that reach their expiry date.
- Trading teams, Technical Customer Communications Team and any other teams creating Financial Promotions
 - Origination of Financial Promotions
 - Adherence to the Financial Promotions approval procedures
 - Review of Financial Promotions created by Trading and other teams
 - Ongoing refresh of Financial Promotions that reach their expiry date.
- Conduct and Operational Risk
 - Oversight, checking and approval of Financial Promotions
 - Oversight of the Financial Promotions policy and approval procedures
 - Guidance in respect of standards and regulation to originators of Financial Promotions
 - Training and support for teams within YBS Group that originate Financial Promotions
 - Monitoring and reporting.
- Compliance & Oversight Risk
 - Oversight, guidance and advice.
- Legal
 - Sign off of Non-Financial Promotions that require specialist Legal advice and guidance such as Terms and Conditions and Application Forms.
 - Note that Legal will not be a 'default' sign off party for all Financial Promotions though will provide ad hoc advice and support to Originators, and approve where required e.g., use of trademarks.

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.

Promotions for unauthorised third parties. YBS does not approve financial promotions for delivery by unauthorised third parties such as Financial Influencers or some agencies.

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, and door drops
- 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
- 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 communication is likely to be a significant step, and therefore an inducement, where the material has pictures, slogans which attempts to create a need for the customer and persuades them to engage in an investment activity with YBS e.g., taking out mortgage or savings products on the subsequent landing pages.
 - The Originator of a Financial Promotion is the individual who initiates and owns the communication, ensuring it follows the Policy and procedures built into the Aprimo workflow and which are available in the Aprimo asset library.

4. Policy Statements

Design of Financial Promotions

- All Financial Promotions must follow the Customer Understanding requirements for Consumer Duty as documented in the Communications Framework.
- Any Customer Testing of Financial Promotions should follow process as per the Communications Framework or other Customer Testing guidelines.
- Originators of Financial Promotions will ensure that promotions are “clear, fair and not misleading”. This includes ensuring that adverts and promotions do not encourage customers to purchase inappropriate products and do not exploit customers’ lack of knowledge, understanding or behavioural biases.
- Financial 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 and highlight the action the customer needs to take to exercise an option.

- Product key features, benefits, risks and costs are not designed to influence customers to select a particular option.
- Financial Promotions will be “standalone compliant”. This means they will be compliant with any relevant regulations and legislation as a single communication and will not rely on important additional information found elsewhere.
- YBS will consider both the objective of the promotion and the target audience for the activity in the creation of the communication, including characteristics of vulnerability within that target audience.
- Customer vulnerability and accessibility should be considered, and communications adapted to support customer understanding where required.
- Appropriate briefing documents must include a clearly defined contact strategy.
- Financial Promotions will be as simple as possible and seek to reduce or eliminate unnecessary or unrequired small print.
- All claims will be evidenced and substantiated.
- Any reference or claims made to environmental and/or social (i.e., ‘sustainability’) characteristics of our financial products or services are fair, clear and not misleading (i.e greenwashing) and also must be evidenced and substantiated.

Origination, Approval and Review of Financial Promotions (Appendix 2)

- Financial 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 Financial Promotions and to follow the approval procedures contained within our process manuals.
- Financial Promotions Content must be authorised by a minimum of Originator, the Trading Team / Specialist Business Area, Team Leader/peer review (for Marketing & Digital), Conduct and Operational Risk and any third party approvers 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.
- Financial Promotions will only be authorised for publication when the Aprimo approval process has been followed.
- All Financial Promotions will be approved for a defined period and for no longer than a year. Originators of Financial Promotions are responsible for ensuring that they are reviewed at their 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 the Aprimo system.
- Any Financial Promotions that are withdrawn must undergo a full review prior to re-issue.
- An originator of content who moves role, have a change of responsibilities or leave YBS must ensure they reassign ownership of any of their content to an agreed new colleague via Aprimo. Items will be fall to the line management chain to reassign if not completed by leaving colleague. They must also update The Communications Log so it is consistent with ownership.

Record Keeping

- The Group will ensure adequate records are kept of communications with customers, and their approval, to ensure there is visibility over its promises and customer expectations.
- All Financial Promotions approvals will be retained indefinitely from the date of approval, in line with regulatory requirements for the retention of records.
- Teams are responsible for ensuring that their record keeping for Financial Promotions is in line with the Communications Framework and kept on their own team Comms Log.

Reporting

- The Aprimo approval system will produce real time Management Information on request for Team Managers of teams who originate Financial Promotions, to identify any cases that ‘fail’ approval (before external publication to customers).

- A monthly Management Information pack is produced by Financial Promotions Approval Consultants in the Conduct and Operation Team. This MI pack includes information on the first line assessment of each promotion for the previous month, and trend analysis for Financial Promotions approvals over the past 12 months.
- A monthly Financial Promotions review meeting is held involving Conduct and Operational Risk, Marketing, and Trading teams. During this meeting, the monthly MI pack is reviewed and discussed with stakeholders, where root cause of any failures is established.

5. Implementation and Monitoring

Implementation

- Financial Promotions training forms part of the induction process for all new entrants to Marketing or any other team that creates Financial Promotions
- All new colleagues must demonstrate competence – via completion of training and associated competency assessment – before they are granted a licence to use the Aprimo system to originate Financial Promotions.
- Existing colleagues are assessed continually with all new Financial Promotions and amends to existing Financial Promotions (unless minor nonmaterial amends) created by Marketing, being reviewed by the Team manager.
- Any colleague identified as needing support will be required to undertake refresher training and successfully complete a competency assessment.
- Financial Promotions training is required for all colleagues involved in the Financial Promotion process (e.g., Originators, Reviewers, Designers) of Financial Promotions on an annual basis, with colleagues passing an assessment to demonstrate competence.
- The licence, managed by the Marketing Operations Team to use the Aprimo system will be withdrawn if a colleague is unable to demonstrate their competence to originate Financial Promotions.

Monitoring

- A peer review is prompted for each Financial Promotion as part of the Aprimo review cycle.
- An SME review must be selected for any Financial Promotion where Product or technical content is included.
- All new Financial Promotions and amends to existing Financial Promotions (unless minor and not relating to promotional content – for example rate and/or date changes only) that are created in Marketing and Digital are reviewed by the Team manager.
- All Financial Promotions are reviewed by Conduct and Operational Risk as part of the approval process within Aprimo.
- Approvals are managed through the Aprimo system, which produces real time Management Information on all Financial Promotions including any that 'fail' their approval cycle.
- Monthly Management Information is produced to provide an assessment of all Financial Promotions submitted for approval, including information to support root cause analysis of any cases that 'fail' at review stage (before publication externally).
- Quarterly Management Information is submitted to Commercial Division Risk Committee (CDRC) and Executive Risk Committee (ERC) to ensure senior manager oversight of key Financial Promotion metrics and information.
- Root cause analysis will be reviewed by individual business areas when required, to identify any failings and areas for improvement in relation to Financial Promotions procedures.
- Compliance & Oversight Risk may include Financial Promotions within their Annual Compliance Monitoring Plan, including thematic investigations.
- Third line Audit will assess whether to include Financial Promotions approvals within the Annual Audit Programme.

- It is the duty of the originator to Ensure Financial Promotions are performing as intended and should be withdrawn or edited if there is a theme of customer feedback that suggests they are being misunderstood.
- Financial Promotions should be withdrawn if feedback is showing a there is a theme of poor customer outcomes.
- Marketing will report on any withdrawn/amended Financial Promotions to the monthly Compliance and Conduct Risk metrics.

6. Approval

- The policy is to be approved by Conduct 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:



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