

YORKSHIRE BUILDING SOCIETY

MODERN SLAVERY POLICY OVERVIEW

Updated October 2023

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1. Purpose

The Purpose of the Policy

This policy sets out the Society's approach to modern slavery in the context of its interaction with customers, business partners and colleagues.

The Policy helps to ensure that the Society investigates and deals with all suspicions raised promptly and responsibly in order to help protect colleagues and/or customers who may be victims.

Failure to manage modern slavery risks could result in the Society suffering reputational damage or regulatory censure and customer/colleague harm.

Applicable Regulations and Legislation

The Society must comply with a range of legislative and regulatory requirements arising from and enforced by several different legislative and regulatory bodies, these can be found in the Society's Regulatory Risk policy. This policy focuses on those relating specifically to Financial Crime risks. This policy ensures the Society's compliance with its statutory and regulatory obligations which include the following examples which are not exhaustive but capture key regulations to be considered.

- Regulatory Risk policy
- PCI-DSS
- UK GDPR & DPA 2018
- Bribery Act
- Money Laundering Regulations
- FCA Handbook
- The Modern Slavery Act (2015)
- The Slavery and Trafficking Prevention Order (STOP)
- Slavery and Trafficking Risk Order (STRO)
- The Trafficking and Exploitation Prevention Order (TEPO) Trafficking & Exploitation Risk Order (TERO)
- Proceeds of Crime Act 2002.

Requirements of the Policy

Adherence to this policy is compulsory. All colleagues must ensure that they understand the policy and what is expected of them.

2. Scope

This policy applies to all Society colleagues, including contingent workers and all locations they work from, suppliers and third parties.

This policy relates to all areas and aspects of identifying, reporting and investigating modern slavery suspicions.

3. Definitions

- **Colleagues** - permanent YBS staff or are delivering support services to the Society as staff of external suppliers.
- **Contingent Workers** - independent contractors, consultants, or other outsourced and non-permanent workers.

- **Human Trafficking** - arranging or facilitating the travel of another person for exploitation. Both are covered by the Modern Slavery Act 2015 and may generate the proceeds of crime as set out under the Proceeds of Crime Act 2002 and are therefore predicate offences to money laundering.
- **Modern Slavery** - when an individual is exploited by others, for personal or commercial gain. Whether tricked, coerced or forced, they lose their freedom. This includes but is not limited to human trafficking, forced labour and debt bondage.

4. Policy Statements

- 4.1. The Society has no appetite to facilitate or tolerate modern slavery in any form. This must be communicated to all suppliers, contractors, and business partners at the outset of a business relationship and reinforced as appropriate thereafter.
- 4.2. The Society acts ethically and with integrity in all business dealings and relationships and uses a risk-based approach to detect and report modern slavery, consistent with disclosure obligations required by the Modern Slavery Act, 2015.
- 4.3. The Society is responsible for ensuring transparency in its own affairs as well as in tackling modern slavery throughout supply chains. The Society will have mechanisms and channels in place for all colleagues to report suspicious activity.
- 4.4. Where a colleague discovers or suspects Modern Day Slavery or Human Trafficking, they must report this in order to help ensure a good outcome for those suspected victims.
- 4.5. The Society will through its referral and due diligence procedures identify and report Modern Day Slavery suspicions.
- 4.6. All suspicions reported under this Policy will be promptly and thoroughly investigated by the Financial Crime Money Laundering team. This may involve HR, Police and other external agencies as relevant. The Society will implement comprehensive training for all colleagues. This will comprise annual mandatory learning as well as risk-based targeted training.

5. Implementation and Monitoring

Implementation

The Board is responsible for the Society's management of modern slavery. It approves the Society's annual slavery and trafficking statement, which sets out our commitment to respect human rights in accordance with S54 Modern Slavery Act, 2015 and other internationally accepted standards.

ESGCo provides oversight of the Society's Modern Slavery strategy as part of its 'Social' pillar. It endorses the Society's annual slavery and trafficking statement for approval by the Board.

The Modern Slavery Policy is published on the intranet and accompanied by communications to highlight any updates to all colleagues and contractors.

The Governance & Assurance team will use various channels to raise awareness of modern slavery including:

- Annual mandatory training – delivered to all colleagues and contingent workers through the Learning Portal.
- Ad hoc awareness activities.
- Regular communications – delivered via blogs, team engagement and via MDS champions.

Understanding of this policy will be assessed via the annual mandatory training module which is completed by all colleagues and contingent workers.

The Director of Shared Services and Resilience delegates the day-to-day implementation and policy housekeeping to the Risk & Control Framework Manager or any nominated deputy.

The implementation of the policy will be supported by ongoing training and relevant systems and controls. The Modern Slavery Working Group provides regular monitoring of training, engagement, and implementation of the policy via use of KPIs.

Monitoring

The Board is kept informed annually of the Society's performance in the delivery of its annual pledges to ensure that it can provide effective oversight and challenge.

The Environment, Social & Governance Committee ('ESGCo') is responsible for monitoring progress of the annual pledges on a quarterly basis.

Financial Crime carries out regular oversight over money laundering and fraud which incorporates modern slavery red flags.

First Line Quality Control provide oversight of compliance with the policy, on a risk - based approach in Residential and Commercial Lending.

The G&A team will conduct periodic deep dives and risk assessments on key Procurement controls to confirm compliance with the Modern Slavery policy.

Regular management information - KPIs concerning the operation of controls in high-risk areas such as Residential and Commercial Lending will be monitored by the Modern Slavery Working Group.

6. Approval

The modern slavery Policy is classified as a tier 2 Policy within the Society's Policy Universe. Following review and endorsement by Financial Crime Forum and Modern Slavery Working Group, it is subject to formal review and approval by the Customer Services Risk Committee (CSDRC) on an annual basis or in the event of any interim amendments.

Appendix 1: Description of roles, responsibilities and authorities

All colleagues are responsible for complying with the Modern Slavery Policy.

Policy Owner

The Policy owner is the Senior Manager, Governance & Assurance, who may delegate the day-to-day ownership of the policy to the Risk & Control Framework Manager.

The Policy owner is responsible for:

- Writing the policy document and ensuring that it is up to date.
- Reviewing the policy periodically and in case of any notable change (e.g.: legislative, regulatory, organisational etc).
- Seeking approval/re-approval from the Policy Sponsor and the relevance governance committee.
- Communicating the policy to all affected colleagues, ensuring that adequate supporting training is developed and delivered as needed.

Policy Sponsor

The Policy Sponsor is the Director of Shared Services and Resilience, who is responsible and accountable for all aspects of the Policy:

- Providing direction to the Policy owner as required.
- Supporting the Policy owner in discharging their responsibilities, specifically ensuring sufficient resource is available to enable implementation of the policy.
- Endorsing the policy prior to it being sent to the relevant governance committee for approval.

All Colleagues

All colleagues must meet the requirements of the Policy and follow the underlying procedures. They are required to:

- Know, understand and comply with the Policy and ask questions if they need clarification or advice.
- Escalate any issues they consider appropriate to their manager. If they believe this is sensitive – i.e., relating to another colleague, they are able to raise this as a query with HR or with the Risk & Control Framework team.
- Make full, timely and accurate disclosures using the appropriate Suspicious Activity Report (SAR) as required by the Policy.

Suppliers

- All suppliers must comply with the contractual requirements for Modern Slavery as relevant to them.

People Leaders

- Are responsible for ensuring their teams are aware of and adhere to the Modern Slavery policy and in any external relationships they manage.
- That all mandatory training regarding this policy is undertaken and completed satisfactorily by their teams.